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Lebanon: A Wider Power Base

Gemayel to Seek Reconciliation to Curb Syrian Influence

By John M. Goshko
Washington Post Service

WASHINGTON — President Amin Gemayel will try to increase his authority by urging Lebanon's rival factions to join a broadly based "national reconciliation cabinet" and by working with Israel to establish a Lebanese civil authority in Israeli-occupied southern Lebanon, U.S. officials and diplomatic sources said.

These moves, which are intended to help shift the balance of power in the divided country away from Syria, were agreed on in talks in Washington last week between Mr. Gemayel and President Ronald Reagan, the sources said Tuesday.

The aim is to win over Syrian-backed Lebanese factions that are fighting Mr. Gemayel's government. If their links with Syria can be loosened enough to permit government forces into the areas of Lebanon under their control, the next step would be to extend a Lebanese central government presence into southern Lebanon as a prelude to Israeli withdrawal of at least some of its forces.

According to the sources, the Reagan administration regarded this approach as the most important part of its effort to work separately with Mr. Gemayel and Israel to convince Syria that its best hope of winning its objectives in Lebanon rests not in continued military activity but in negotiations for the removal of all foreign forces.

"If the Gemayel government fails, Lebanon falls, and we leave," one U.S. official said. "Either it works, or it's curtains for Lebanon."

U.S. air strikes against Syrian installations in Lebanon on Sunday have focused attention on increased military pressure on President Hafez al-Assad of Syria to make him more cooperative.

The purpose, according to U.S. officials, is to demonstrate to Syria that the United States is determined to resolve the Lebanon problem and will not be pressured into removing U.S. Marines from Beirut even if they draw more Syrian-inspired attacks.

But, they said, the main hope of breaking the Lebanon impasse rests in the political moves worked out separately last week with Mr. Gemayel and Prime Minister Yitzhak Shamir of Israel.

Specifically, the sources said, the plan calls for Mr. Gemayel to reconvene, before the end of the month, the Geneva talks on power-sharing with his domestic foes and propose a new cabinet that will have 20 to 24 members representing Lebanon's principal Christian, Sunni, Shiite and Druze Moslem factions. Syria has allies among all the groups, which want a greater share of political and economic power.

In exchange, the groups would be expected to allow Mr. Gemayel, whose authority is currently limited largely to the Beirut area, to send the Lebanese Army and civilian officials into those parts of the country, such as the Chuf mountains, that now are controlled by militias fighting each other and the central government.

At the same time, Mr. Gemayel would make it clear to the other factions that the United States had turned down his request to press Israel for unilateral withdrawals without a simultaneous pullout by Syrian and Palestine Liberation Organizatioo forces.

Mr. Gemayel is expected to argue that the best bope of regaining Lebanese control over southern Lebanon depends on cooperation with Israel.

The sources said that Mr. Reagan had relayed to Mr. Gemayel an offer from Mr. Shamir to begin discreet talks on setting up a Lebanese government civil authority with limited administrative powers in the south. These talks would be conducted by the now-dormant trilateral commissions, involving Israel, Lebanon and the United States, that worked on the Israeli-Lebanese agreement on an Israeli withdrawal reached last May 17.

According to the sources, that effort is unlikely to begin until after the new year when there is a elearer idea of whether a viable national government encompassing all the main Lebanese factions is workable.

In short, the aim is a two-stage move that would see the Gemayel government first gaining control over the roughly 40 percent of Lebanon not occupied by foreign forces and then obtaining a toehold in the Israeli-occupied south. If those steps are accomplished, U.S. officials feel, Syria would find it more difficult to justify a large-scale occupation.

The sources acknowledged that implementing the plan is likely to encounter stiff opposition from Syria, whieb can be expected to use its leverage over the opposition forces it has backed.

However, the sources said that both Mr. Gemayel and the United States have received tentative but encouraging signs from the Druze leader, Walid Jumblat, and from Shiite leaders that they want to explore ways of ending the bloodshed.

The sources added that even Syria has hinted privately at more flexibility than is evident in the defiant rhetoric coming from Damascus after the U.S. air strikes.

The Associated Press
President Amin Gemayel of Lebanon made a statement on his talks with U.S. leaders in a Washington hotel last Friday. Secretary of State George P. Shultz looked on.

The Associated Press
Firemen carried the remains of a victim from the wreckage of an Iberia Boeing 727 Wednesday after the plane was involved in a collision with another plane during takeoff in thick fog at Madrid's Barajas airport, killing at least 100.

100 Killed As Planes Collide in Madrid Fog

Jet on Takeoff Rams Another Crossing Runway

Compiled by Our Staff From Dispatches

MADRID — Two Spanish jetliners eollided in beavy fog Wednesday as they were preparing for take off from Madrid's Barajas Airport, killing at least 100 people.

The collision involved an Iberia Airlines Boeing 727 on its way to Rome with 84 passengers, including 42 Japanese tourists and 9 crew members, and a DC-9 of Aviaco, a Spanish domestic airline, with 37 passengers and 5 crew aboard, on its way to Santander in northern Spain. Everyone aboard the Aviaco plane was killed.

The accident occurred 10 days after a Colombian Boeing 747 crashed near Madrid, killing 181 of the 192 people aboard.

Carlos Espinosa, the president of both state-owned Spanish airlines, said at a news conference at the airport that at least 23 passengers and 8 crew members on the 727 had survived the crash.

The airport had been elosed to incoming traffic early Wednesday because of the fog. A number of flights were diverted to other Spanish airports, but some outgoing traffic was permitted to take off.

Mr. Espinosa said the airport was open to traffic at the time of the crash and an official weather report put visibility at 300 meters, 100 meters more than required. Mr. Espinosa said the Iberia jet was cleared for takeoff and the Aviaco plane had been told to start its takeoff approach. One plane then passed in front of the other, leading to the collision.

An hour after the 9:45 A.M. collision, visibility at the airport was reportedly less than 130 feet (40 meters).

The circumstances of the accident were similar to the worst air disaster in history, which also occurred in Spain. On March 27, 1977, 582 people were killed when a KLM 747 crashed on takeoff into a chartered Pan Am 747 at Tenerife in the Canary Islands.

The Iberia pilot, Carlos López Earranco, said that because of the thick fog he did not see the DC-9 in his path "until it was ton late." He said he tried to accelerate and lift off to avoid the collision.

A survivor said be felt the plane was already in the air wben the crash occurred.

"I was reading," Jesús Villar said. "The plane was already about 10 meters off the ground. There was a hell of a crash. The plane came down, and fire broke out almost immediately."

Antonio Rodrigo, an Iberia baggage handler, said: "We all heard the explosions, but no one could find the planes. We ran out toward the noise. A survivor had to lead us to the wrecks."

Preliminary Accord Seen on Hong Kong

Reuters

LONDON — The outlines of a possible settlement between Britain and China nn the future of Hong Kong are starting to emerge, the British Broadcasting Corporation said Wednesday.

The BBC, reporting on the resumption of talks Wednesday in Beijing, said that under the current scenario Britain would acknowledge China's sovereignty over the whole of Hong Kong while the Chinese would grant the colony special status and leave it unchanged for at least 50 years after 1997.

"Some British advisers and administrators may remain until well into the 21st century, something which Britain has placed high on its list of priorities for Hong Kong," the BBC said.

Officials in the British Foreign Office were not immediately available for comment. They have never reported much about the talks, insisting that details of the negotiations remain confidential.

Officials bave acknowledged they were trying to preserve a role for Britain in the future administration of Hong Kong when most of the colony's territory reverts to China under 19th century leases that expire in 1997.

The BBC said to its report:

"Talks have resumed in Peking between China and Britain on the future of Hong Kong. Although the negotiations are eloaked in secrecy, the outlines of a possible settlement are starting to emerge.

"Our Peking correspondeot says that under the current scenario Britain will acknowledge China's sovereignty to the wbole of Hong Koog while the Chinese will grant it special status and leave it as it is for at least 50 years after 1997."

The talks in Beijing are the seventh round since Prime Minister Margaret Thatcher visited China in September 1982 and agreed to begin negotiations to preserve the stability and prosperity of Hong Kong after 1997.

The talks will continue Thursday, when a joint statement is expected and could give some indication whether progress is being made.

The sixth round last month was officially described as "useful and constructive."

Chinese leaders have recently told visitors they envisage Hong Kong becoming a "special administrative region" of China to 1997.

■ China Warns on Turmoil

China said Wednesday that it might take back Hong Kong before 1997 if turmoil broke out in the colony, Reuters reported from Beijing.

The statement was made by a Foreign Ministry spokesman. The spokeman told a questioner at a news briefing: "If there is some turmoil in Hong Kong, we could consider changing our timetable over recovery of sovereignty."

China has said it will unilaterally announce plans for the territory's future in September unless progress is made in the talks, which began in October 1982.

The former foreign minister, Ji Pengfei, now head of Beijing's Hong Kong and Macao office, was reported last month to have guaranteed that China would let the territory keep its capitalist economic system and its iodividual freedoms for 50 years after 1997.

Bad Intelligence Blamed For U.S. Air Raid Losses

By Richard Halloran
New York Times Service

WASHINGTON — A U.S. admiral has said that information about Syrian anti-aircraft batteries in Lebanon was inadequate and that U.S. pilots encountered more intense fire than they expected during Sunday's bombing raid.

The admiral, who declined to be identified, said in a briefing Tuesday that this was among the reasons for the U.S. losses. Two planes were shot down, one of them crashing into a Lebanese home, severely injuring a dozen civilians. A third plane was damaged but made it back to its carrier. One pilot was killed and another captured.

The admiral said the losses were within the bounds of what was militarily acceptable, given the intensity of the hostile fire. About 40 missiles and thousands of anti-aircraft rounds were fired at the 28 planes.

The admiral aeknowledged that the battleship New Jersey's nine 16-incb guns could have accomplished the mission without exposing pilots and planes. He said he did not know wby the New Jersey had not been used.

Senator Gary Hart, Democrat of Colorado, a candidate for his party's 1984 presidential nomination, and Representative Leon E. Panetta, Democrat of California, urged that Congress be recalled to discuss the military actions in Lebanon.

Mr. Panetta said: "This is not the time for Congress to be sitting at home getting the news on television. We must not affirm by our silence broader military action than we were willing to authorize by our vote."

The navy, stung by criticism of Sunday's raid, had invited reporters to hear the admiral's explanation. Among the critics were two former Israeli air force commanders, Major General Mordecbai Hod and Major General Benny Peled.

Italy told the U.S. it will stay in the Lebanon force. Page 5.

General Hod said that, "on the purely military level, the American operation cannot be called a success." General Peled said: "The American pilots paid for a lack of experience."

Another retired Israeli officer, Major General Avraham Adan, said he was not surprised that the Americans had lost two planes. "Their naval air equipment is generally good," he said, "but when it comes to tactics and precise planning, they are not as good as us."

In the briefing, the U.S. admiral defended the tactics of the raid as "classic," the A-6 and A-7 planes as "capable," and the pilots as "the best in the world."

He said the 28 planes from the carriers Independence and Kennedy had crossed the coast at 20,000 feet (6,070 meters), descended to 10,000 feet for the bombing run, and dived at a 45-degree angle to release their bombs at 3,000 feet.

The admiral said in response to

(Continued on Page 2, Col. 3)

Failed Summit Raises Doubts Over EC's World Role

By Axel Krause
International Herald Tribune

PARIS — What role can the European Community now play in world affairs?

That question, among others, was being debated — intently and with some embarrassment — by West European and other allied leaders Wednesday following the failure of the EC to reconcile deep divisions during the three-day summit meeting that ended in Athens on Tuesday.

"We must grasp tbat a Europe divided and exhausted by renewed nationalism will exert no influence in the world and can become a plaything of foreign interests," Chancellor Helmut Kobl commented to the Parliament in Bonn on Wednesday.

EC leaders, ineluding Mr. Kohl, said that they would immediately begin talks to smooth the way for the next summit in Brussels in March. They seek to resolve such crucial issues as limiting spending on agricultural subsidies.

The implications of the summit failure extend considerably beyond the inability of the 10 leaders to tackle limitations on soaring farm spending and budgetary reform. Those issues were at the center of the tense and often acrimonious discussions in Athens.

NEWS ANALYSIS

What has been thrown into question, according to summit participants and observers, is the EC's future role in helping shape Western policies in the Middle East, to relations with the Soviet Union, and in liberalizing trade among industrialized nations.

The failure of the summit also makes it difficult to envision bow the EC will he able to expand its own activities into the field of greater industrial cooperation in order to compete more effectively against the United States and Japan in the field of advanced technology, or to improve the workings of the European Monetary System.

The U.S. secretary of state, George P. Shultz, said in Bonn on Wednesday that "the fact that the meeting did not produce results satisfactory to community countries doesn't mean all is lost by any means."

For some, however, the losses appeared high.

The prospects have darkened considerably for Spain and Portugal to become EC members, a subject that summit leaders dealt with in passing only.

"I strongly fear the door does not exist anymore," Prime Minister Mário Soares said in Lisbon.

Meantime, while the Reagan administration was somewhat relieved that the EC was unable to act on proposals to tax or reduce imports into the community of approximately $5 billion in U.S. farm prodnets. Discussioos of that much-disputed trade issue have only been postponed.

"It is still on the table," a senior U.S. diplomatic official commented. He said that in the wake of the EC summit failure, trans-Atlantic disputes over farm products will surface in passing, if at all, during a meeting between EC Commission and administration officials, including Mr. Shultz, which is scheduled to be held to Brussels Friday afternoon.

"This is not an easy time for us to look as if we are united," an EC official said. "It is painful right now."

The summit failed for a very fundamental reason: None of the participants was willing to make the kind of compromises needed for an agreement.

There was little apparent political will to make sacrifices that

(Continued on Page 2, Col. 5)

Twixt Beauty and Business: French Isle Fights to Keep Tides

By John Vinocur
New York Times Service

MONT-SAINT-MICHEL, France — From the shore, this island looks like a dark pupil in the gray eye of the sea. The tides, soft irises, contract toward the center, and then expand, with a rhythm, a pulse that seems without end.

Gray water, beige water, opalescent water, miles of it, closes around the island, its abbey, its spires, and then, in hours, sluices back, draining tbe bay, filling the sea. The harmonies of movement, color and horizon reach beyond time, but they are jeopardized now.

French engineers say tbat "man's brutality and clumsiness" has resulted in so much silt forming in the bay as to turn the island, its monastery and cathedral into a granite outcropping on a doughy beach by 1991, ruining a site so exquisite that UNESCO classifies it as a treasure of mankind.

The tides, now reaching and surrounding the island less and less frequently, would touch it only 1 time in 10 if nothing were done in the next eight years.

Since midsummer, the French government has moved to deal with what the engineers said was about to become an insoluble problem. They acknowledge that the silting cannot be entirely reversed, but the engineers consider the first steps now under way a good start. Yet these remedies avoid some decisions that would put conservationists into conflict with the tourist business. The island's 114 residents are heavily dependent on the hundreds of thousands of visitors who come each year.

On a recent day a middle-aged woman who sells souvenirs on the island, about 230 miles (372 kilometers) west of Paris, took a visitor to n window facing the mainland and a sandbar near the mouth of the Couesnon River, one of three rivers that no longer flush the bay effectively. The sandbar had not been there 90 days earlier.

"That developed after they started the project," she said. "It's a catastrophe."

Then the woman talked more quietly, as if she had some sensitive information. Mont-Saiot-Michel would never be put right, she confided, unless "they do something about the automobile dike, and there are interests that don't want any part of that."

The dike, or causeway, stretches from the mainland to the island, providing access for cars. It is never fully submerged, even at high tide, and its construction to the 1870s, in the view of Yves Marie Froidevaux, chief architect of the national historical monument service, "deliberately broke the pact between the abbey and the sea."

A vigorous campaigner to protect Mont-Saint-Michel until his death this year, Mr. Froidevaux wrote that there had always been a struggle between conservationists wanting to protect the island "and the fear of lost visitors and profits." He said the causeway must be destroyed and tourists' visits controlled, as in the Middle Ages, by the rhythm of the tides.

The monastery on the island goes back to the 10th century; Ro-

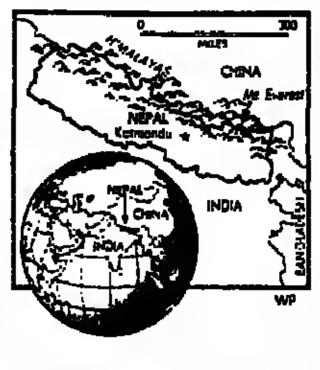
(Continued on Page 2, Col. 7)

Automobiles parked on the causeway, built in 1877, that leads from the French mainland to Mont-Saint-Michel.

Nepal's Huge Hydroelectric Potential May Help It Face Crunch in Resources

By William K. Stevens
New York Times Service

KATMANDU, Nepal — Seldom has man's impact on the environment been so starkly evident as in Nepal, land of the stunningly scenic Himalayas and little-tapped hydroelectric riches.



There are growing fears that this small kingdom with its fast-growing population is facing an ecological and human disaster. Virtually all land suitable for cultivatioo has been taken up, and, with the forest cover reduced in a generation from 60 percent of the landscape to 30 percent, there are many ranges of hills standing denuded and brown.

But in its huge potential hydroelectric power capacity, which is believed to be roughly equal to that of the United States and Canada combined, Nepal has the resources not only to surmount its difficulties but also to become a primary energy producer for much of the steadily industrializing Indian subcontinent. Neither Nepal nor India, however, can harness the Himalayan waters without help.

This subject was likely to come up Wednesday in Washiogton, when King Birendra of Nepal paid n one-day state visit to President Ronald Reagan and officials of the World Bank.

At the same time, Nepal's ticklish international position between two powerful and jealous neighbors, India and China, and its desire to be acknowledged as a "zone of peace" were also expected to figure in the discussions at the White House.

Nepal's 16 million people live in a country only 500 miles long and 150 miles wide (800 kilometers by 240 kilometers) and the population is growing by nearly 400,000 a year.

The country's other natural asset besides water — its scenery — has enabled tourism to expand to the point where it has become an indispensable feature of the economy. But this appears to be a fragile prop to a country where 90 percent of the people still engage in traditional subsistence agriculture.

Harka Gurung, a Nepalese geographer and former cabinet minister, said that life in Nepal "is still in an early stage of exploitation, where natural vegetation still provides food, fodder, fuel and even shelter."

The land appears to have been used virtually to the limit. Scores of terraces march up the sides of Nepal's cultivable hillsides; the ridgetops are also in use.

With people continuing to cut the forests, rich topsoil that should sustain Nepalese crops is washing downstream into the river systems of India, causing devastating floods as the dirt-clogged rivers overflow more easily and more frequently.

The underlying problem, in the view of Mr. Gurung and others, is "not ecological but the low level of economic development." In a de-

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INSIDE

LANGUAGE

Don't Recoil From Resile

By William Safire

WASHINGTON — "Regarding its position in Lebanon," asked the foreign minister of Pakistan, Yaqub Khan, "do you think the United States will resile?"

Heads snapped around at the Jockey Club in Washington. *Resile*? "Did you say *resign*?" I inquired for myself, the others in the room, and generations yet unborn.

"Resile," he repeated, adding graciously. "Perhaps I have misused the word. Is it intransitive?"

I said I thought so and perhaps he should try the verb in an intransitive form in a sentence.

"I hope you will not resile from your ideological position," the foreign minister offered, adding, "which has become, if I may say so without offending an old friend, somewhat eschatological."

That last word was an old friend: Eschatology is the branch of theology concerned with ultimates, like heaven and hell, and people in the pundit dodge are frequently accused of seeing finality in tea leaves. Diplomacy is the branch of nontheology dealing with ambiguities and ambivalences, and diplomats deride the tendency of pundits to leap to conclusions.

I took a shot at *resile*: "It's a recent back-formation from *resilient* and means 'to snap back.'"

The consummate diplomat did not deride my guesswork, murmuring only: "I would have thought it was older than that."

Back to the office and into my Oxford English Dictionary. Yaqub Khan was right: *Resile* turns out to be an old word, chiefly in Scottish use, from the Latin *resilire*, "to leap back." First recorded use was in 1529, in the state papers of Henry VIII, when King Henry said of ne of his wives that he wished she "wold herafter resile and goo back from that." In the old days, if the queen failed to resile when she was told, she lost her head.

It means "to retract, draw back," is both transitive and intransitive, and is most often used with *from*: To resile from is to recoil from, or back away from, and is a perfect diplomatic term, since so many nations resile from agreements when their interests change.

In 1708, a scientist in Britain's Royal Society used the verb to describe the return of contracted fibers to their original position. That was applied to all elastic bodies, and the action of snapping back gained the adjective *resilient*. Today, a resilient politician is one who can make a comeback, and the word has a pleasing connotation of toughness; its verb root, however, has a craven meaning, and when I run into the foreign minister again, I will assure him that the United States will not resile from its commitment to Lebanon.

SINCE it became Reagan administration policy (in National Security Decision Directive 84) to make all future memoirs subject to a security check for as long as the administration official lives, the torrent of leaks from the Reaganauts has become a burden for Washington newshawks and newsdoves alike. The leakers figure, if they can't save it for the memoirs, they might as well put out the inside stuff while it's hot.

Here is the latest murmured memo from the National Security Council, in "Suggested Talking Points for the President" on the subject of arms-control talks.

In the START negotiations, goes the memo, presumably on which the president was to base his position in meetings with reporters and diplomats, "we have established four basic conditions (reductions, equality, stability, verificability), but beyond that we are flexible."

Verificability? Not since Alonzo McDonald, the management consultant who unblocked the flow of paper in the Carter White House, called for ways "to improve our effectificity" has there been such an exciting new noun regurgitated by the bureaucracy.

The root word is the verb *verify*, from the Latin *verus*, "true." The noun that comes from that is *verification*, a nice mouth-filler of a word that denotes what we must insist we get from the Soviets. The adjective, in the mind of the NSC bureaucrat, came from the noun, which led him to *verificable* and then to the noun *verificability*, two words that do not exist.

The trick is to go back to the verb, *verify*, for the adjective, *verifiable*, and then for a noun *verifiability*. If they can figure that out at the NSC, maybe we can get the START talks started.

New York Times Service

U.K. Businesswomen Seldom Welcome

By Barnaby J. Feder

New York Times Service

LONDON — Marching soldiers, enthusiastic models waving from colorful floats and bands belting out "There's Nothing Like a Dame" led a parade past half a million onlookers last month. The occasion was the City of London's official welcome for its first female lord mayor.

Dame Mary Donaldson's inauguration Nov. 12 ended more than eight centuries of male tenure in the largely ceremonial position, but the event received little attention in British newspapers. Living in a nation whose chief leadership figures are Queen Elizabeth and Prime Minister Margaret Thatcher, Britons did not seem surprised that Lady Donaldson is now lord mayor.

Indeed, many Britons these days appear to feel that there is little to be gained by focusing on the role of women in the nation's economic, social or poltical affairs. That view starts at the top.

"Mrs. Thatcher thinks that it is more significant that she is Britain's first scientist prime minister than that she's the first woman," said Ian Kydd, one of her press spokesman, referring to her work as a research chemist from 1947 to 1951. Thatcher, he added, is not available for interviews on "women's issues."

Attitudes like Thatcher's, possibly in part a reflection of the long association here of feminism with leftist politics, have combined with Britain's economic decline to make life especially challenging for the increasing numbers of British women entering the work force. Britain did not pass legislation guaranteeing women equal pay for equal work until 1975, 12 years after the United States, and it has never come close to putting national affirmative action rules into effect.

"American women are 10 to 15 years ahead of British women," said Claire Coppola, an assistant vice president of Kidder Peabody in the City, London's financial district.

Barbara Bondy, a financial analyst sent from New York to Dun & Bradstreet's British subsidiary, said: "I really miss the feeling of a strong women's business community. There just aren't enough women here for that."

The City is renowned as a male bastion, but it is not the only business setting where British and American experiences have diverged. The number of female engineering graduates in the United States jumped from less than one-half of 1 percent to almost 10 percent of the total in the 1970s. The British equivalent rose from about 1.5 percent and leveled off at about 4 percent.

"There are now many more girls going into the lower level of business than there used to be, but we haven't done as well yet in getting women into the upper rungs," said Baroness Lockwood, who retired this year after being chairman of the Equal Opportunities Commission since it was set up in 1975 to encourage enforcement of equal rights laws. "The process is going to be slower here."

Nevertheless, several dozen women and men interviewed in recent months agreed that British women's prospects at the professional level had steadily improved in recent years, and many said they felt the change was accelerating.

Women and men express a wide range of views about the extent of discrimination that women face in business. Nicky Joyce, president of the British Association of Women Executives, said she had not run into any problems in the 30 years since she and June Hicks founded a company to organize and staff shows and promotional events.

Others, however, were adamant that British women were rarely promoted unless they proved themselves clearly superior to male competitors and that they were often channeled into career paths in which there were fewer opportunities. In addition, the network of acquaintances formed by British men in private secondary schools and in the universities is cited as a persistent problem for women in their 30s and 40s who are working toward senior management positions. Such relationships are often reinforced at clubs.

"Of the older, well-established clubs, you are talking about 90-percent exclusion of women," said Sarah Edwards, a stockbroker who is putting together a survey for the City Women's Network, a seven-year-old group almost evenly balanced between American and British members.

By all accounts, Britain's economic woes in the last decade have been a major drag on the progress of women in the labor force. Department of Employment figures show that the percentage of women in general management fell to 7 percent last year from 9.7 percent in 1975. Research published by the Equal Opportunities Commission suggests the reason is that women are far more likely to be managers in small companies, the group most damaged by the recession that began in 1979.

Nonskilled women and manual workers outside the service sector have also been especially hard hit, although male unemployment rates are still, at more than 15 percent, about 50 percent over those for women.

An Equal Opportunities Commission report said, "Women are concentrated in the occupational groups which have declined relatively more than all other occupations in engineering and for which the future is increasingly bleak."

Such projections are disturbing in a nation where divorce rates are climbing, and it is increasingly recognized that employed women stand between hundreds of thousands of families and poverty. Almost 50 percent of British women have or are looking for employment.

The government and most of the voters are ideologically opposed to affirmative action in their favor, but there is a rapidly expanding range of programs intended to break down the educational barriers that get women started on the wrong foot.

"American women are much more conscious of being a role model for girls," said Leah Hertz, a City University of Business School lecturer who is working on a comparative study of American and British women who own and manage relatively large businesses. "The English haven't heard of the word visibility."

The Associated Press

Lord Mayor Donaldson in coach with grandchildren.

VIENNA POSTCARD

Boys Choir Under Attack

By Diane Foulds

United Press International

VIENNA — The cover of a recent issue of the weekly Vienna newsmagazine Wochenpresse pictured a drawing of saccharine-sweet boys in sailor suits, their mouths open in song and their eyes piously turned toward heaven. Hovering above them a baroque cherub picked its nose. "The Vienna Boys Choir," read the headline. "Drilled. Ruined."

Like the Sachertorte and the Lipizzaner performing horses, the Vienna Boys Choir — the *Sängerknaben* — is a Vienna institution.

Personalities ranging from the composers Haydn and Schubert to Norbert Steger, the current Austrian vice chancellor, have been members and the group's weekly church appearances and frequent foreign tours draw huge crowds and rave reviews. The boys themselves are regarded by many as paragons of wholesomeness and innocence.

Wochenpresse, apparently intending to shock, hit hard at this cultural icon with allegations of homosexuality and immaturity among the boys who, it said, were pampered and sheltered from a reality many of them eventually had trouble facing.

"The whole city is indignant," the choir headmaster, Walter Tautshnig, said in an interview, his arms crossed tightly in anger. "Everything in the article is a lie, from A to Z."

What the article in Wochenpresse said was that the Vienna Boys Choir was not good for little boys. "Slightly fat, physically unhygienic, pumping up their speech with literary terms, and precocious from the chatter of international travels, they hardly come into contact with the female sex," it said. "Most of the pubescent ex-canaries face the depressing realization at the age of 14 or 15 at the latest that the most extraordinary part of their lives is already behind them."

The article quoted one former choirboy as calling the choir "a remnant of a long obsolete tradition, made up of clericalism, patriarchy and a cult of the uniform."

It quoted another as saying his eventual homosexuality somehow had something to do with his experiences as a choirboy, although he couldn't specify how.

"That was the first time I had ever heard of any former choirboy becoming a homosexual," said Tautschnig. Furthermore, he said, "the men they quoted were choir boys some 35 years ago. The whole thing is rubbish."

He noted the flood of indignant letters written to Wochenpresse because of the article, and printed in the magazine two issues later.

"Your article about the Vienna Choir Boys contained only criticism for criticism's sake," wrote one angry Viennese woman. "Your efforts at basing [the choir's] ostensible present-day decadence in its centuries-old history," she said, "is hitting below the belt."

Watching the boys sing in their pure, unself-conscious soprano, it is hard to imagine any tinge of corruption in this 500-year-old institution.

Austrians who came to Vienna from the provinces in September to see Pope John Paul II celebrate vespers were filled with pride and nationalism when the choir began its program of celestial hymns.

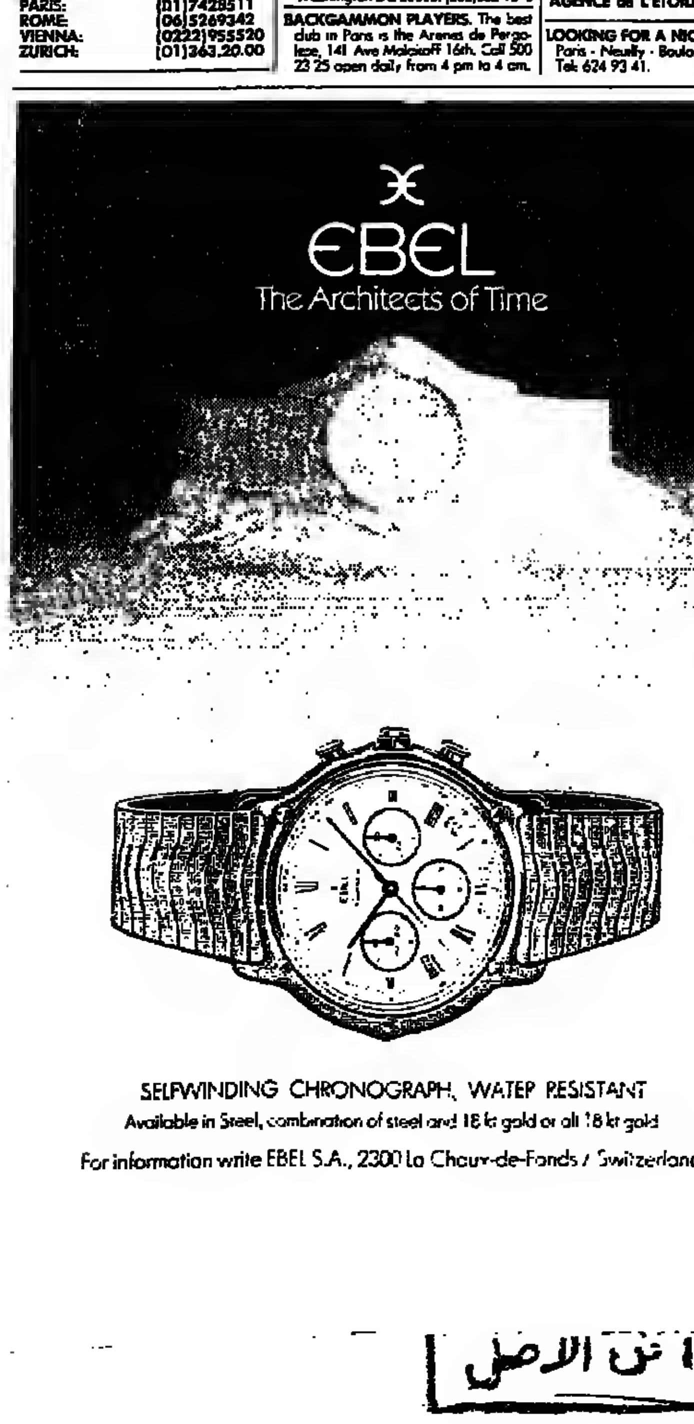
The Boys Choir was founded by Emperor Maximilian in 1498 and after the Hapsburg Empire collapsed at the end of World War I, it was reorganized as a private institution under Josef Schnitt, the former court chaplain, who headed it until 1955.

It was he who changed the boys' court uniforms to the sailor suits worn by boys of "good" families at the turn of the century and in 1948 managed to rent from the government the Augarten Palace, in which the boys now live, study and rehearse.

On the grounds of the baroque palace is what amounts to a boarding school where the boys alternately bash each other on the soccer field and study a Vivaldi mass.

The Boys Choir, with — despite Wochenpresse — a pristine image, is the type of institution that always seems a bit unreal.

Norbert Steger, the vice chancellor and former choir member who has been involved in recent political controversy, has taken his share of ribbing for his boyhood voice. "Steger has been an A-student and a Vienna choirboy," said a recent political satire. "But he hasn't yet been a Lipizzaner. That's still to come. He's practicing right now — walking in circles."



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Space Shuttle Test Casts Doubt on Nobel Theory

Experiment on Inner Ear Phenomenon Shakes 77-Year-Old Medical Technique

By John Noble Wilford
New York Times Service

HOUSTON — A Nobel Prize-winning theory about the physiology of the inner ear has been shaken in a test conducted by scientists aboard the space shuttle Columbia.

Tuesday's finding was an early product of a mission that is expected to provide significant advances in astronomy, solar physics, atmospheric studies, biology and materials processing. The inner ear study was a sidelight to research into the broader issue of the human body's adaptation to space.

The discovery, which came literally in the flickering of a crew member's eye, was made as the Columbia, carrying the Spacelab research facility, was in its eighth day of flight.

When warm air and then cool air were injected into the ears of Dr. Ulf Merbold, one of the Spacelab crewmen on the Columbia, his eyes invariably flicked in the direction of the source of the changed temperature. They should not have done so in space, if the theory that explains why a standard ear-problem test works was correct.

In announcing the discovery, mission officials also said that they still planned to let the astronauts and scientists remain in orbit an extra day, with the landing at Edwards Air Force Base in California set for Thursday morning.

The theory that is now being disputed was the basic explanation for the effectiveness of a common clinical test, called the Caloric test, used in diagnosing the dizziness caused by a malfunctioning inner ear.

In the test, a doctor applies warm water to one ear and then cool water to the other ear and observes resulting eye movements that indicate the inner ear's response. Persons with the malfunction tend not to respond.

Dr. Rudolf von Baumgarten, the principal investigator for one of the Spacelab experiments, said that the theory about the response, known as the Barany effect, held that the thermal stimulus created convective currents in the fluid of the inner ear's semicircular canal.

These currents were believed to make the body think it was moving in one direction or another, thus causing the ear's balance-controlling vestibular organs to react accordingly. If they did not, doctors took this as a sign that defects in the organs are probably responsible for the bout of dizziness.

the theory was correct is that in the weightlessness of space there should be no thermal convection; hence no such convective currents in the semicircular canal.

Robert Barany of Sweden developed the hypothesis in 1906 and was rewarded with the Nobel Prize in medicine and physiology in 1914. The theory had been widely accepted ever since.

Dr. Baumgarten emphasized that his findings did not question the effectiveness of these clinical tests, only the explanation of why they work.

His experiment was one of many being performed on this mission to study the human body's response to weightlessness, particularly problems with motion sickness attributed to temporary disorientation of the balance-keeping mechanisms.

The Associated Press

Dr. Rudolf von Baumgarten of West Germany speaking about the results of a medical test aboard the space shuttle.

No Halt in START Talks, Adelman Says

By Hedrick Smith
New York Times Service

WASHINGTON — The Reagan administration's top arms control official says that the Russians have given no formal message of plans to break off strategic arms talks in Geneva despite public hints that the talks were in jeopardy.

After Tuesday's negotiating session in Geneva, the Soviet delegate, Viktor P. Karpov, cast some doubt over the future of the talks by saying that he did not know whether the Soviet Union would continue them next year after a scheduled recess. The current round of talks, which began Oct. 8, is scheduled to end Thursday, after one more session Thursday.

Kenneth L. Adelman, director of the Arms Control and Disarmament Agency, said in a telephone interview late Tuesday, "We have no indication they are going to break off" the strategic arms reduction talks, known by their acronym START.

"The Soviets have never threatened in START to break off START," Mr. Adelman added.

Earlier this month, the Soviet Union halted talks over European intermediate-range nuclear forces.

Monday, Marshal Nikolai V. Ogarkov, chief of the Soviet general staff, warned of a possible breakdown in the strategic talks.

Reagan administration officials said they interpret the warning as an effort by Moscow to put more pressure on West Europeans to halt the U.S. missile deliveries that began in Europe last month. They say they believe that the Kremlin does not want to end the strategic arms talks but may decline to set a date now for resuming the talks early next year as a pressure tactic.

Mr. Adelman said that over the last two months there had been "some movement — not as much as we would have liked" in the strategic arms negotiations. Most of the movement, he said, involved shifts in the U.S. position but some also in the Soviet stance.

He confirmed earlier reports that the United States has put forward a modification of its position that would require each side to retire more older warheads as it deployed newer versions of existing weapons, and advanced another proposal to reduce limits on the planned U.S. bomber force and restrict the numbers of air-launched cruise missiles they can carry, long a Soviet demand. But he declined to discuss Soviet moves in the talks.

Mr. Adelman sought to deflect West European appeals for the Soviet Union and the United States to combine the suspended European theater talks with the strategic arms sessions. So far, the Soviet Union has shown no public interest in combining the two sets of talks. Although privately some administration officials have favored a merger, Mr. Adelman said he felt it would complicate the strategic arms talks and "give up any kind of hope of a short-term agreement" on European nuclear forces.

Like other administration officials, he brushed aside repeated statements from Moscow that Soviet negotiators would boycott the European theater talks unless Washington abandons its missile deployments in Europe.

Predicting that eventually Soviet negotiators would return to those talks, Mr. Adelman recalled that in the past Moscow had reversed itself after having been similarly adamant, for example, about refusing to begin negotiations on anti-ballistic missile systems.

Moreover, Mr. Adelman discounted the significance of Soviet military measures that Moscow said were to counter American missile deployments in Europe.

"The moves they have announced and we have seen," he said, "are moves we have been watching and anticipating for several years and therefore we do not consider them counter-deployments."

These include Soviet plans to deploy SS-21, SS-22, and SS-23 tactical missiles in Eastern Europe.

Reagan Drops Moderate on Rights Panel

By Sara Fritz
Los Angeles Times Service

WASHINGTON — President Ronald Reagan has angered civil rights leaders by refusing to reappoint Mary Louise Smith, the former chairman of the Republican National Committee, to the newly reorganized Civil Rights Commission.

Mrs. Smith, a moderate who was appointed to the commission by Mr. Reagan in 1982, was not among the three new appointees he named Tuesday. In addition to renominating two earlier choices, Morris Abram and John Bunzel, Mr. Reagan appointed a Hispanic schoolteacher, Esther Gonzoles-Arroyo Buckley, 35, of Laredo, Texas.

In a letter to Mrs. Smith that was made public at the same time as the appointments, Mr. Reagan praised her earlier work and pledged to "persevere in seeking the preservation and expansion of equal rights under the law for all Americans."

Critics charged that the choice of Mrs. Buckley violated an agreement that Mr. Reagan's aides made with members of Congress. Senator Joseph R. Biden Jr., Democrat of Delaware, said that the White House agreed to rename Mrs. Smith as part of a compromise reached Nov. 11 that led to legislation extending the life of the 26-year-old commission.

Ralph Neas, executive director of the Leadership Conference on Civil Rights, said that Mrs. Smith was not reappointed because "she would not commit herself in advance to voting as the White House demanded." Unlike the president, Mrs. Smith does not oppose busing or racial quotas in hiring under all circumstances.

"The president's decision not to reappoint here goes to the very heart of the independence of the commission," Mr. Neas said. "The White House wants a commission they can control."

Paris Exchange Mart Bombed

The Associated Press

PARIS — An explosion early Wednesday at the Paris Commodity Exchange blew in a door and started a fire but there were no injuries, the police said.

Iranian Embassy Finery Being Auctioned in U.S.

By Peter Perl
Washington Post Service

WASHINGTON — The stunning silk and wool Persian rugs, the Rosenthal china, and the gilded crystal that once dazzled visitors at the Iranian Embassy's lavish parties now await disposal in a converted print shop behind the downtown FBI headquarters here.

These and thousands of other items, including Queen Anne chairs and fine silverware, all bearing the distinctive crest of the late shah of Iran, will be auctioned this weekend as part of a State Department effort to raise money to restore and rent out the abandoned, damaged embassy properties of Iran, Cambodia and Vietnam.

Last weekend a public showing of the Iranian items drew 2,700 people, according to William Weschler, president of Weschler's auctioneers, which is handling the sale.

"We did not mention the shah's family crest because you may scare up hostile interest," Mr. Weschler said. "We are not pushing this."

The auction is expected to generate more than $250,000. It will feature rugs valued at close to $10,000, art objects like a 19th-century Japanese bronze temple urn worth $4,000 and hundreds of items embossed with the shah's crest, a golden lion holding a dagger with a crown suspended above the lion's head.

An auction of Cambodian possessions at Weschler's grossed about $60,000 in September. A sale of Vietnamese items will be held in March.

The sales, made possible by the 1982 Foreign Missions Act that gave the State Department custody over such foreign-owned embassy properties, is part of a sometimes ticklish diplomatic process involving nations with whom the United States has broken relations.

The State Department last summer took over the three embassies, which have fallen into disrepair after years of neglect and damage from broken water pipes.

The 1982 law gave the State Department authority to sell off the properties, but officials chose to rent them, a move that some observers believe will give the government a bargaining chip to negotiate the return of U.S. properties in the three countries.

But in Iran's case, such a strategy is futile, said Farzadi Darui, a member of the Iran Freedom Foundation, a group opposed to the Iranian leader, Ayatollah Ruhollah Khomeini.

Mr. Darui said America's hopes of regaining property in Tehran were useless because while the U.S. acknowledges Iranian ownership of the embassy here Ayatollah Khomeini refuses to recognize U.S. ownership there.

"The Americans are helpless," Mr. Darui said. "They don't know what to do. It is the same as during the hostage situation."

He said he opposed selling the Iranian items at auction.

"It should all be kept in place, so when there is a rightful government chosen by the Iranian people, we would get this stuff back," he said.

The anti-Khomeini Iranian foundation has sought to rent the former embassy but was refused, Mr. Darui said. State Department officials said they have not yet made a policy decision about what kinds of groups will be considered as renters.

"Our hope would be that if relations were restored with these countries, we would have them in reasonable repair" and could eventually return the buildings, said James Nolan, director of the State Department office of foreign missions.

In the meantime, he said, the department hopes that the auctions and the rentals will cover most of the cost of upkeep of the buildings.

The Khomeini government "raised questions" about the State Department plan, Mr. Nolan said. "Our answer is that we believe we are handling them in a much fairer and equitable fashion than U.S. property over there."

Recent reports from Tehran indicate that the U.S. Embassy, where Americans were held hostage from late 1979 to early 1981, is being used as a military school.

Valuable antiques, furniture and other items of historic value will not be auctioned here and are instead being stored at the former embassy, according to department officials.

The embassy was closed when the Carter administration broke diplomatic relations with Iran in April 1980.

Source Reports Shiite Threats in U.S.

By Ronald Kessler
Washington Post Service

WASHINGTON — The threats that prompted extra security precautions at the White House and State Department two weeks ago purportedly came from Shiite Moslems and included an explicit threat against the White House, according to informed sources.

The Manassas, Virginia, police department received the first threat directed at the State Department in the form of an anonymous letter warning that Shiites planned to ram the building with a truck laden with explosives on Thanksgiving Day, Nov. 24, the sources said.

Separately, the Secret Service obtained information, possibly from foreign sources, that the Shiites planned to blow up the White House, according to the sources.

The Secret Service has declined to confirm or deny that there was any threat directed specifically at the White House. Jack Smith, a Secret Service spokesman, reiterated that position Tuesday.

"The only thing we'll say is the barriers are there for security reasons," Mr. Smith said. "We won't discuss intelligence information we have. ... It's not in our interests to do so."

Neither the extra security at the State Department nor at the White House had been attributed previously to threats by any particular group or individuals.

U.S. officials believe another Shiite faction was involved in the Oct. 23 bombing of U.S. Marine headquarters in Beirut.

On Saturday, trucks parked at White House entrances to block possible intruders were replaced by three-foot-high (less than one meter high) concrete barriers. Eventually, permanent barriers are to replace all the trucks placed strategically around the White House grounds, the Secret Service said.

About 20 vehicles — most of them empty government vans and automobiles — remain parked outside the State Department.

In addition to these precautions, the Federal Protective Service, which guards most government buildings, issued a "gray alert" after the bombing of the U.S. Capitol on Nov. 7, instructing its personnel to be extra vigilant when checking suspicious packages or people.

214 Reported Executed in Tehran Within Month

The Associated Press

PARIS — An Iranian exile group alleged Wednesday that the regime of the Ayatollah Ruhollah Khomeini has executed at least 214 political prisoners within the last month.

The Paris office of the Mujahidin, an Islamic-Marxist group fighting to overthrow the Tehran government, said the executions were carried out at Tehran's Evin prison Nov. 9-12 and on Dec. 2.

The Mujahidin said the prisoners were executed by firing squad and their bodies taken to Behesht-Zahra cemetery where they were buried in a mass grave.

NATO Aides Ask Soviet to Resume Talks

Compiled by Our Staff From Dispatches

BRUSSELS — NATO defense ministers urged the Soviet Union on Wednesday to resume negotiations with the United States on limiting medium-range nuclear missiles in Europe.

In a communiqué at the end of a two-day meeting here, the ministers said that the talks on medium-range missiles should "resume as soon as possible to achieve an agreement on equal global limits on U.S. and Soviet missile warheads at reduced levels, preferably zero for both sides."

The U.S. defense secretary, Caspar W. Weinberger, assured the other ministers that the United States was ready to hold arms control talks with the Soviet Union "at any table anywhere in the world."

But be added that he saw no advantage to merging the strategic arms reduction talks on long-range nuclear missiles with the talks on medium-range missiles. The Russians walked out of the medium-range missile talks Nov. 23 and are expected to indicate Thursday whether they intend to continue in the START negotiations.

The question of merging the two sets of talks arose earlier in the Brussels session, and Joseph Luns, secretary-general of the North Atlantic Treaty Organization, said a consensus arose that a merger "was not a very good idea."

Mr. Weinberger, while arguing against a merger, added that "we stand ready to negotiate fully at any table in Europe or at any table anywhere in the world that can produce the results set forth" in the ministers' final communiqué.

The ministers also urged alliance members to increase military spending by the agreed target figure of 3 percent a year; most of them are below that level.

And the Dutch defense minister, Job de Ruiter, said that the Netherlands and West Germany were urged by other ministers to try to defuse the influence of peace movements in their countries by making it clear that NATO is itself an alliance for peace.

Before the NATO meeting began Tuesday, the United States and West Germany signed a cooperative accord for the air defense of Central Europe, under which West German armed forces would man conventional missile systems that defend U.S. bases in Germany. Mr. Weinberger said the agreement would reduce NATO's reliance on a nuclear air defense.

The $3-billion agreement calls for the United States to sell West Germany 12 Patriot anti-aircraft missile units, along with two extra units for training and logistical use.

U.S. officials, citing congressional pressure to reduce overseas forces, said the manning of the missile systems with West Germans would reduce U.S. troop strength in Europe by more than 2,000.

"When this agreement is fully in place there will be no NATO nuclear air defense," Mr. Weinberger said, "and that is fully in line with the reduction of nuclear warheads" by NATO.

In Bonn, U.S. Secretary of State George P. Shultz, after conferring with West German leaders, said there was no question of lifting U.S. economic sanctions against Poland despite a recent appeal by Lech Walesa, leader of the banned trade union Solidarity.

Foreign Minister Hans-Dietrich Genscher of West Germany, appearing with Mr. Shultz at a press conference, said, "It has always been the Western position to answer positive moves by the Polish government with a positive response."

Mr. Shultz, who later left for the NATO meeting, said again that he would be "more than ready" to meet with the Soviet foreign minister, Andrei A. Gromyko, at the 35-nation conference on disarmament in Europe next month in Stockholm if Mr. Gromyko were so inclined.

While in Bonn, Mr. Shultz also met with Chancellor Helmut Kohl.

(UPI, Reuters, WP)

United Press International

Foreign Minister Hans-Dietrich Genscher of West Germany, left, smiles while listening to his U.S. counterpart, George P. Shultz, at a Bonn press conference Wednesday.

Bad Intelligence Blamed For U.S. Losses in Raids

(Continued from Page 1)

questions that "the New Jersey has the capability to attack" targets" from 18 to 20 miles (29 to 32 kilometers) at sea. He said a forward air controller or a spotter on the ground could have directed fire.

The admiral said the decision for an air strike had been made by the commander on the scene, Rear Admiral Jerry O. Tuttle, commander of Carrier Group Two in the Mediterranean. Admiral Tuttle is an aviator, according to navy records.

■ Officials, Analysts Differ

Rick Atkinson of The Washington Post reported from Washington:

Pentagon officials have said that Sunday's raid was "very successful and achieved our objectives."

The 28 A-7 Corsairs and A-6E Intruders apparently knocked out an ammunition dump, a radar antenna dish, and a SAM-9 missile battery at three sites, a Defense Department spokesman said.

"Our aircraft covered the assigned targets to the effect that whatever was in each of the areas received significant damage," he said.

Although the mission was rated a success on the basis of preventing "a repetition of the attacks on our reconnaissance aircraft," no surveillance missions were flown Monday, a navy spokesman acknowledged. Two F-14 pilots reported being fired at Saturday by at least 10 Syrian missiles, the event that triggered Sunday's retaliatory strike by U.S. bombers.

While a navy spokesman said no lessons had been drawn yet from the losses, other defense analysts were less reticent.

"The test that the navy underwent and failed was not by any means demanding," said Edward Luttwak, a senior fellow at Georgetown University's Center for Strategic and International Studies.

He said there was no "complete air defense system in Lebanon," and added: "Imagine how vulnerable the A-6s and A-7s would be if they flew into a real system." He said "they're very slow aircraft, which means they cannot make a quick getaway."

Retired Rear Admiral Mark Hill, now with the Association of Naval Aviation, said: "We haven't been actively engaged in combat and there are probably quite a few pilots in the fleet who don't have experience from Vietnam."

He added: "If anyone says that our pilots are not getting enough time in the air to be proficient, you can lay it right at the feet of the United States Congress."

There was concern that the subsonic A-6E and A-7, with a maximum speed of less than 700 miles (1,100 kilometers) per hour, were at unacceptable risk when flying into a barrage of supersonic surface-to-air missiles. The navy said that at least 40 Soviet-made SAM-7s and SAM-9s were fired at the planes Sunday, in addition to heavy anti-aircraft artillery fire.

Italy Convicts Admiral On Charge of Espionage

Reuters

LA SPEZIA, Italy — The former commander of an Italian military nuclear plant has received a suspended 18-month prison sentence for unjustifiable possession of secret documents.

A military tribunal in La Spezia convicted Rear Admiral Vittorio Forgione on Tuesday on one espionage charge but acquitted him for lack of evidence on two more serious charges of procuring and revealing military secrets. The sentence was conditionally suspended for five years and his lawyer filed notice of appeal.

Summit Raises Doubts About EC's World Role

(Continued from Page 1)

might have resolved the highly complex issues that are at core of the Common Agricultural Policy — a well-entrenched, bureaucratic system consisting of dairy quotas, subsidies and other financial mechanisms designed to augment incomes of the EC's eight million farmers, accounting for roughly 62 percent of the community's $24-billion budget, which is growing.

"The grocer mentality is undermining Europe," commented the newspaper Frankfurter Allgemeine Zeitung.

In the view of many of those attending the summit, the summit leaders' deliberations appeared to be directed largely at reassuring their constituencies back home, particularly the powerful farm lobbies.

"None of the leaders wanted to appear looking weak in front of the folks back home," a diplomatic observer said.

The prospects for the slowly emerging efforts to restore direction and leadership to the community now rest largely with President François Mitterrand of France, who assumes the rotating EC Council presidency on Jan. 1.

The EC Commission and the European Parliament also have said they planned to play a role in providing what Gaston Thorn, president of the EC Commission, described as "keeping the reins in hand to avoid all skidding" in community affairs.

However, it is not clear how Mr. Mitterrand and other leaders can resolve the EC's problems, particularly the pressing question of finding the means to finance the community budget; within several months EC resources will be exhausted. There was speculation in Athens that the French leader had deliberately blocked agreements in order to resolve the crucial issues at a summit meeting he will host in France next June.

At his news conference in Athens on Tuesday, Mr. Mitterrand pledged to work for solutions and to concentrate on "a few issues" at the June summit. He did not say what those issues might be.

"Until we know more about how the community gets its act together," the U.S. diplomatic official said, "they will be speaking as individual nations, and not as a united community, but our hope is that eventually they will do so."

Nepal Studies Water Power

(Continued from Page 1)

veloped economy, people do not cut down trees wholesale.

The prime agent of Nepal's shift to a developed economy, it is widely believed, should be its potential hydroelectric power capacity, estimated at 83,000 megawatts.

An American official said that tapping this resource would bring about a "quantum jump" in Nepal's development, since a highly developed hydroelectric system provides both the water and power for year-round irrigation.

Nepal plans to construct some small hydroelectric plants in various parts of its three major river basins — the Karnali, the Gandak and the Kosi. So far, only about 80 megawatts of capacity have been installed.

■ Reagan Welcomes Birendra

President Reagan welcomed King Birendra to the White House on Wednesday and said that the United States planned to continue investing in Nepal's economic development, including the financing of new agricultural research and training projects, United Press International reported. U.S. aid to Nepal now totals $13.5 million a year.

WORLD BRIEFS

Colombian Kidnappers Free Betâncur

BOGOTA (AP) — Kidnappers on Wednesday released Jaime Betâncur, the brother of Belisario Betâncur, Colombia's president. Mr. Betâncur, 53, appeared to be in good health after his 15-day ordeal.

"Honestly, I never thought that they would decided in the end to let me go," he said. Mr. Betâncur, who was kidnapped Nov. 22, said he thought he was going to be killed.

A few hours before his release, Colombian reporters were taken by the kidnappers to where Mr. Betâncur was being held. Mr. Betâncur was released in front of a house in a middle-class neighborhood early Wednesday. The kidnappers took him and one of the reporters there in a taxi.

West Germany Bans Neo-Nazi Party

BONN (AP) — Interior Minister Friedrich Zimmermann banned West Germany's largest neo-Nazi party Wednesday, saying that "right-wing extremist actions can no longer be passively accepted."

The ban against the 270-member "Action Front National Socialist-National Activists" would take effect immediately, Mr. Zimmermann said in a statement. The party, which was founded in 1977, last made headlines Nov. 6 when police detained 35 people who had gathered in the back room of a Munich inn.

They were among 85 who had planned to march through Munich's streets to commemorate "Crystal Night," Nov. 9, 1938, when Nazi storm troopers smashed the windows of Jewish homes and shops and set fire to synagogues throughout the country.

Warsaw Pact Ends Meeting in Sofia

VIENNA (Reuters) — Warsaw Pact defense ministers Wednesday ended a three-day session in Sofia where they were believed to have discussed the Soviet bloc's military response to deployment of new U.S. nuclear weapons in Western Europe.

The Czechoslovak press agency CTK reported in a communiqué from Sofia that the meeting concentrated on the joint activities of the armies of the seven-state Warsaw Pact alliance and "adopted appropriate resolutions."

It said that the meeting was "of a working nature and was held in an atmosphere of friendship and mutual understanding." The agency gave no further details.

Managua Accuses Honduras of Attack

MANAGUA — A Nicaraguan fisherman was killed when his vessel was attacked by Honduran boats and planes Monday, the Sandinist government said. It said the attack occurred a day after Honduran and Nicaraguan patrol boats exchanged gunfire in the Gulf of Fonseca.

The government released the text of a protest letter in which it called the incidents "acts of flagrant aggression and violation of national sovereignty." It said they were evidence of "the absolute lack of desire for peace on the part of the government of Honduras."

In a separate statement, the Sandinistas also said they had learned of a covert plan in which anti-government rebels based near the border with Costa Rica were plotting to attack a Costa Rican police station and make their raid appear to be the work of Sandinist troops. The statement said Nicaragua was issuing the warning to "preserve the bonds of friendship and neighborliness which have always united the peoples of Nicaragua and Costa Rica."

Soviet Dissident Receives Swift Trial

MOSCOW (LAT) — Acting with unusual swiftness, the Soviet authorities have detained, tried and convicted a Moscow human rights activist in a single day. Tatyana Trusova, 46, was sentenced to 18 months in a labor camp, dissident sources reported Wednesday.

The sources said they knew of no recent example of such action. They said they feared that it may signal a new method of dealing with political dissenters akin to the assembly-line procedures of Stalinist times.

A philolgist who specialized in Russian language and literature, Mrs. Trusova is believed to have been under suspicion of helping channel aid from the West to the families of political prisoners. For more than a year, the KGB, the Soviet secret police and intelligence agency, has sought to close down an underground network distributing aid from a fund supported by the exiled writer, Alexander Solzhenitsyn, who now lives in the United States.

For the Record

A hand grenade thrown at an Israeli Army patrol failed to explode Wednesday in the West Bank town of Nablus. The army imposed a curfew. (AP)

Mont-Saint-Michel Fights To Bring Back the Tides

(Continued from Page 1)

manesque and Gothic churches date from between the 13th and 16th centuries. Pilgrims visited Mont-Saint-Michel throughout the Middle Ages, and their voyages made for magical tales of tides that galloped as fast as horses, and perilous fog banks, mist so thick as to swallow up the incautious forever.

The tides have remained the strongest in continental Europe. Guidebooks that warn about wandering off on the sands at low tide also tell visitors that the trinket salesmen and omelet dispensaries here are no modern deformation; their predecessors were on the island with amulets and sweetmeats during the Hundred Years' War.

When the causeway was built in 1877, the Administration of Fine Arts opposed the project, but it went ahead anyway. Thirty years later, the national Public Works Council decided to remove the causeway, but local resistance blocked the plan.

Over the years, a breakwater was built into the bay at Roche-Torin to protect farms, and the Couesnon was dammed to reclaim grazing land. In the language of state functionaries writing an interagency report, the engineers evaluating the condition of Mont-Saint-Michel in 1976 noted that "the site is one where numerous and occasionally contradictory interests run together."

Most of their studies were based on models of Saint-Michel Bay that simulated tides, winds and river action. A tide bringing in 100 million cubic meters of water was found to carry 100 tons of sediment, 2 or 3 percent of which stayed behind.

"The filling-in process, a geological phenomenon, will not be halted by the steps man is considering undertaking today," the study group wrote. "But this consideration should not be an obstacle to a decision to change the course of events for a hundred or so years."

The first project, started in July, involves removing the Roche-Torin breakwater over the next two years at a cost of about $2 million so that the Sée and Sélune Rivers can fully wash the bay.

When additional money is found, the mouth of the Couesnon and its dam are to be modified so that the river may exert a stronger flushing action. A third step would involve the construction of two reservoir-like basins that would serve to increase erosion and augment the flow of water. The study group estimated that these projects would allow 6 out of 10 tides to reach the island.

Getting rid of the automobile dike, the engineers have said, would permit 8 tides out of 10 to reach Mont-Saint-Michel. But that, the study group added cautiously, "does not satisfy all the interests involved."

هكذا من الأصل

U.S. Is Reassured by Italy Its Troops Will Stay in 4-Nation Lebanon Force

By Bernard Gwertzman
New York Times Service

BRUSSELS — Foreign Minister Gulio Andreotti of Italy conveyed to U.S. Secretary of State George P. Shultz on Wednesday his government's willingness to remain in the four-nation peacekeeping force in Lebanon.

Mr. Shultz was opening a campaign here to build up allied backing for the new U.S. tactics in Lebanon, U.S. officials said. They said that Mr. Shultz would hold a long session Thursday morning with Mr. Andreotti, Sir Geoffrey Howe, the British foreign secretary, and Claude Cheysson, the French minister of external relations, for a thorough review of the Lebanese situation.

But the reaffirmation from Italy that it would keep its contingent of 2,200 men in the force of 6,000, together with positive informal signs of the same intention from the others have been welcomed by Mr. Shultz, an aide said.

Mr. Shultz left Washington on Tuesday aware of concern in some capitals over the U.S. air strikes against Syrian positions in Lebanon. But his aide said that Mr. Shultz was "impressed" by the determination to remain in Lebanon that was shown in Brussels.

He is telling not only the countries with troops in the multinational force, but the other NATO foreign ministers here for the annual winter meeting that the United States is convinced that the best approach to follow in Lebanon is the two-track formula worked out in Washington last week with Israeli and Lebanese leaders, his aides said.

The first approach is to keep up pressure on President Amin Gemayel of Lebanon to take political and military steps that will increase his standing in Lebanon and abroad. These include, they said, widening the base of his government to include Shiite and Druze opposition leaders and the expansion of the area of the country controlled by the Lebanese Army. The second is to maintain firmness in the face of Syrian efforts to intimidate pro-government supporters.

This includes firing back at the Syrians as the United States did Sunday, the aides said. Despite criticism of the United States in some European capitals, American officials insisted that Mr. Shultz has been given backing in Brussels for this approach.

"I think that the situation in Lebanon is one that we certainly intend to push on very hard," Mr. Shultz told reporters on his way to Belgium. "There is the potential for movement on national reconciliation. We in our discussions last week, especially with President Gemayel, identified quite a number of concrete things we think will be helpful, that we want to work with him on and I believe that the attitude of the Israelis is very positive toward trying to see the Lebanon situation come together in a more constructive way."

Mr. Shultz said that "while to a certain extent the turmoil in the situation distressing, there are some other things in the wind, and we want to take advantage of them and push on them as hard as we can."

■ U.K. Reaffirms Commitment

In London, Prime Minister Margaret Thatcher reaffirmed Britain's commitment of 100 troops to the Lebanon force, saying Wednesday that her country would not be forced "into leading a retreat," The Associated Press reported.

Mrs. Thatcher spoke in the House of Commons shortly after the U.S. special envoy to the Middle East, Donald H. Rumsfeld, held talks with British officials on Lebanon and then went on to Paris en route to the Middle East.

United Press International

SICK BAY VISITOR — Commander Edward T. Andrews, a U.S. Navy pilot, chatted Wednesday with Loretta Lynn, the singer, in the sick bay of the carrier USS Independence off Lebanon. Commander Edwards sustained minor injuries when he ejected from his A-7 Corsair in a bombing raid Sunday on Syrian anti-aircraft positions.

Plan for PLO Pullout From Tripoli in Motion

DAMASCUS — A two-week countdown to the withdrawal of Yasser Arafat and his Palestinian fighters from Tripoli, Lebanon, began Wedneday, former Prime Minister Rashid Karami of Lebanon said.

The withdrawal period was set in a Saudi-Syrian peace package, reached Nov. 25, which is aimed at ending fighting between rebels and fighters loyal to Mr. Arafat, head of the Palestine Liberation Organization.

Final details were left to be worked out by Mr. Karami and a committee of Tripoli's factional leaders.

Mr. Karami said he had notified Mr. Arafat and rebel leaders of final arrangements for the withdrawal "from Tripoli and its environs."

The rebels, who have trapped Mr. Arafat's 4,000 men in Tripoli, have rejected any suggestion that they themselves should leave.

They insist that Tripoli's environs do not include the Palestinian refugee camps that they now control, although one of them is situated on the northeastern edge of the city.

Mr. Karami, who was conferring in the Syrian capital, gave no details of the arrangements for the withdrawal. The Greek government agreed Wednesday to provide four ships to take Mr. Arafat and his men to Tunisia and North Yemen.

In Beirut on Wednesday, the body of Lieutenant Mark A. Lange of the U.S. Navy, the pilot killed Sunday when his plane was shot down in a raid against Syrian positions in Lebanon, wasturned over to the Marines.

The Syrian Army, whose rockets shot down Lieutenant Lange's plane, gave the body to the Lebanese Army, which turned it over the Marines.

Around Beirut, the Lebanese Army and Christian militiamen exchanged rocket and artillery fire with Druze insurgents on Wednesday. President Amin Gemayel of Lebanon said in a statement that he would consider appointing a new coalition cabinet representing the country's warring factions.

The Lebanese prime minister, Shafiq al-Wazzan, said he would press for a prompt decision by Mr. Gemayel on the resignation of the nine-man cabinet to make way for a coalition government that might end the prolonged sectarian warfare.

In Jerusalem, Prime Minister Yitzhak Shamir of Israel vowed that Israel would strike back at the PLO to avenge Tuesday's bus bombing in which four Israelis were killed and 46 were wounded.

Mr. Shamir told the Knesset, Israel's parliament: "Our hands will reach them and we will strike at them until this horrifying evil will disappear from the land."

The PLO, which contended that the bus was a military vehicle, said Tuesday its attack was "to escalate the actions of the Palestinian revolution against the Israeli occupiers."

Solidarity Calls for Demonstrations Despite Government Ban on Protests

By Dan Fisher
Los Angeles Times Service

WARSAW — Uodergrouod leaders of the banned Solidarity free trade union have called for nationwide, peaceful demonstrations next week to commemorate workers killed in defense of civic and labor rights.

The appeal, which was distributed to Western reporters Wednesday, comes in the face of tightened official security measures and government warnings that the authorities will tolerate no anti-government gatherings.

It is the first underground call for street demonstrations since August and could turn into a significant test of support for the clandestine opposiooo leaders. Their call for unspecified protests last month in response to government plans to raise food prices apparently went largely unheeded.

The latest underground appeal said the demonstrations called for Dec. 16 will "show our will to fight on." It added: "We shall march out of our factories and hold parades and meetings in city centers."

The statement was signed by all four members of the so-called temporary coordinating committee of Solidarity, which was formally banned in October 1982. Zbigniew Bujak, a 28-year-old former factory worker and chairman of the underground group, is considered Poland's most wanted man.

Dec. 16 is the anniversary of the 1970 worker protest on the Baltic coast during which dozens of demonstrators were shot to death by police. The date is one of the most emotionally charged in a calendar of anniversaries marked here as touchstones of opposition to Communist rule.

It is also the anniversary of the bloodiest clash after the imposition of martial law in 1981 — a pitched battle between Solidarity supporters and police at the Wujek coal mine in the southern industrial city of Katowice. Official accounts confirm nine dead from that incident, and Solidarity sources contend the toll was higher.

"Polish people have earmarked Dec. 16 as a date to commemorate those who paid the ultimate price of giving their lives for the defense of these rights," the underground statement said.

"The authorities will be to blame if they try to interfere and disturb the peaceful nature of the demonstrations," it added.

The authorides have put security forces on alert this month, fearing that reseotmeot agaiost the planned price increases and a series of sensitive ceremonies and anniversaries during the next several days could cause public unrest.

In additioo to Dec. 16, Lech Walesa, head of the banned Solidarity movement, is to be awarded the 1983 Nobel Peace Prize in absentia Saturday. Dec. 13 is the anniversary of the 1981 imposition of martial law, which was formally lifted in July.

The Polish leader, General Wojciech Jaruzelski, ordered "military operational groups" into the field throughout the country this week, ostensibly to check oo the nation's defense readiness. Sucb groups were first used in the fall of 1981, just weeks before martial law was declared.

Wu Reports No Progress In Chinese-Soviet Talks

Reuters

BEIJING — Chinese-Soviet talks on normalizing relaoons have not made any headway, Foreign Minister Wu Xueqian of China said Wednesday. But he added that Beijing's ties with Washington continued to be strained over Taiwan.

Mr. Wu's comments came in a policy statement to the Standing Committee of the National People's Congress, the Xinhua oews agency reported. In addition to discussing China's difficulties with the superpowers, the minister spoke of the importance of the nation's strong links with Third World countries and its developing ties to Western Europe.

He said that normalization of relations with the Soviet Unioo was an important aspect of Chinese foreign policy. But he said that bilateral talks in the past year had oot made any progress because of Moscow's refusal to discuss three key Chinese demands.

China has said repeatedly that relations can improve only if the Soviet Union withdraws its troops from Afghanistan, halts its support for the Vietnamese occupaoon of Cambodia and reduces its forces along the Chinese-Soviet border.

Mr. Wu described the present internatiooal situatioo as very tense and turbulent. He said the rivalry between the superpowers was at the base of the tension, particularly on the quesoon of medium-range missiles in Europe.

He referred to visits to Beijing by the U.S. secretaries of State, Commerce and Defense during which they expressed the wish to establish a "steady and long-term relationship" with China.

But Mr. Wu said that U.S.-Chinese relations cootinued to be hurt by the fact that some Americans consider Taiwan to be a "political entity."

The Associated Press

The 'Green Line' corridor in Cyprus divides the island into Greek and Turkish sectors.

Family Life at Edge of No Man's Land

Turkish Cypriots on 'Green Line' Now Inhabit a Border

By Marvine Howe
New York Times Service

NICOSIA — Uotil recently, you could hear Turkish Cypriot and Greek Cypriot soldiers shouting jokes and insults at each other across the "Green Line," the corridor that divides the island into their separate zones.

The shouts have died away since the corridor became a border of the newly proclaimed Turkish Republic of Northern Cyprus.

"As long as there's no war, it's very pleasant living here," Bekir Azgin, 39, told visitors to his villa on the Green Line, where there are still visible reminders that this was a war zone in 1974, when Turkish troops iovaded Cyprus.

There is still a foxhole in the Azgins' front yard, enclosed by a wall of sandbags and tin barrels. The house has been repainted white, but bullet holes are still visible. Next door lie the ruins of a burned-out villa.

A house on the other side has been taken over by Turkish Cypriot soldiers. Behind it a macaroni factory, its walls pockmarked, is still functioning.

Since 1977, Mr. Azgin, a journalist, and his wife, Fatma, who owns a pharmacy, have lived here on the western edge of the Turkish side of the capital. They chose the villa because it has a garden and plenty of space for their two young sons.

Across a grassy no man's land in front can be seen Turkish, United Nations and Greek flags, at distances from one another. Visible through palms is the old Ledra Palace Hotel, which for nine years has been the site of UN-sponsored negotiations aimed at finding some way to enable the 500,000 Greek Cypriots and 150,000 Turkish Cypriots to live together in peace.

The Azgins say they hope the talks will be resumed someday. But like all other Turkish Cypriots encountered, they feel the Nov. 15 declaration of independence was necessary to show the world there is a Turkish Cypriot side to the Cyprus problem.

"We're glad we're independent, even if nobody but Turkey recognizes us, and now we have a chance to prove ourselves," Mrs. Azgin said.

She said, however, that there had been times when she was worried that fighting would flare up again along the Green Line. She was afraid for her children's safety the night the Turkish Cypriot leader, Rauf Denktash, gathered the leaders of the main political parties for dinner and they all approved of the independence action for the next day.

"Bekir laughed at me, but I packed our bags that night and took the children to my family the oext day," she said, adding: "Other people were afraid something would happen because they closed the schools for six days. We spent one night out, and there was nothing unusual and so we came back."

She said she was also worried that her children would grow up in an atmosphere of suspicion and hostility.

Her husband said he hoped the Turkish Cypriot declaration of independence would be a positive step toward the creation of a loose federal state between the oewly proclaimed republic and the Greek Cypriot Republic of Cyprus until enough trust could be built up between the two peoples for unification.

Bekir Azgin grew up in a farming village near Nicosia, where Turkish and Greek Cypriots lived side by side.

He said that his mother baked special bread for Moslem holidays and gave it to their Greek friends, who did the same on Greek Orthodox feast days. He remembered Turkish and Greek Cypriot shepherds substituting for each other on their holidays.

Then, in 1955, he said, the Greek naoonalist movement EOKA began to form Greek clubs and cafés and paint slogans on the walls: "Down with the English!" "Down with the Turks!"

The Turkish Cypriots retaliated by forming clubs and cafés and soccer teams.

"An unseen curtain had fallen between us," Mr. Azgin said.

His family sent him to Ankara University in 1962, and when the violence broke out the next year told him not to come back.

In February 1964, Turkish Cypriots in the Azgin family's home village were attacked, and his parents fled to a nearby Turkish Cypriot village. He said their house was looted and destroyed.

Unable to obtain a scholarship for graduate work in American or British schools, he studied at Moscow's School of Oriental Studies.

He returned with his degrees in 1974, shortly before Archbishop Makarios, then president of the Republic of Cyprus, was deposed by a Greek-supported coup.

Mr. Azgin fled with his sisters to a Turkish village. Then followed the Turkish military intervention and the war.

Now he is a regular columnist for a trade union-owned newspaper, Soz, and is active in the Social Democratic Party.

Fatma Azgin served in 1976 as a member of the Constituent Assembly for the Turkish Federated State of Cyprus, the autonomous administration that preceded the newly proclaimed republic.

One of the fundamental problems on the island, she said, is what she described as the Greek Cypriots' disregard of their Turkish partoers.

"We follow the Greek press, watch their television, read their books, respect their culture and want to know what they're thinking, but they don't know us," she said.

IRS Has Over $4 Million in Tax Rebates For 5,200 Americans Living Abroad

International Herald Tribune

WASHINGTON — Americans living abroad have failed to collect more than 5,200 income tax refund checks totaling more than $4 million, the Internal Revenue Service reported.

Most of the checks are for the 1980 to 1982 tax years and could not be delivered because taxpayers had moved and left no forwarding address, married and changed both name and address or filed incomplete or incorrect information on their returns, according to the IRS.

The unclaimed refunds include checks for $27,000, $23,000 and $18,000 and average $763 each.

Taxpayers who have not received refund checks were advised to send relevant information to: Foreign Operations District; Internal Revenue Service; 1325 K Street, N.W.; Washington, D.C. 20225; Attn: FOD:81.

This will start the process of reissuing the missing checks, which, according to the IRS, will take a minimum of two months.

Turkish Chief Asks Ozal to Form Cabinet

Civilian Leader Vows Quick Action

The Associated Press

ANKARA — President Kenan Evren named Turgut Ozal as Turkey's prime minister Wednesday and formally asked him to form the nation's first civilian government after more than three years of military rule.

Mr. Ozal's center-right Motherland Party won 211 seats in the 400-seat unicameral Parliament in general elections Nov. 6. Mr. Ozal was the architect of Turkey's 1980 economic recovery program.

Emerging from a one-hour meeting Wednesday with President Evren at Cankaya Palace, Mr. Ozal said he would try to form a cabinet as soon as possible.

At the start of the meeting President Evren made a brief statement to express a wish that "our democracy will not be derailed again."

Mr. Ozal once again thanked the president and Turkey's armed forces for "bringing the country back from the brink of the abyss."

Under Turkey's new constitution, the prime minister proposes candidates for cabinet posts and the president appoints them.

President Evren, a general who led the September 1980 military takeover, was elected president in a national referendum a year ago.

He and the rest of the National Security Council had backed the rightist Nationalist Democracy Party, which placed third in the November elections.

The four other members of the National Security Council, three generals and one admiral, became civilians Tuesday and the council legally ceased to exist.

Baker Is Said To Aspire to Baseball Post

Top Reagan Aide Seems Unhappy in White House

By Lou Cannon

Washington Post Service

WASHINGTON — The White House chief of staff, James A. Baker 3d, is reported to be one of two persons under consideration to be the U.S. baseball commissioner. Sources close to Mr. Baker said that he would consider the job if it were offered to him.

One source said that Mr. Baker, 53, who is known to be frustrated by the demands and conflicts of his job, would make a decision by the end of this week.

Another source described Mr. Baker as a "burnout case" who has made no secret that he is unhappy in his White House job.

But one of Mr. Baker's Republican friends said that "no matter how frustrated he is, he isn't likely to walk away from the president of the United States for a job in sports."

A few weeks ago, when William P. Clark left his post as national security affairs adviser to become secretary of the interior, Mr. Baker and the deputy chief of staff, Michael K. Deaver, planned together for Mr. Baker to replace Mr. Clark and for Mr. Deaver to succeed Mr. Baker as chief of the White House staff.

That plan was blocked by President Ronald Reagan, who named Robert C. McFarlane as Mr. Clark's successor and left Mr. Baker and Mr. Deaver in the posts they have held throughout the administration.

Milton Richman, the sports editor of United Press International, reported Tuesday night from Nashville, Tennessee, the site of major league baseball's winter meetings, that Mr. Baker and Peter V. Ueberroth, president of the Los Angeles Olympic Organizing Committee, were the finalists to replace Bowie Kuhn as baseball commissioner.

A spokesman for Mr. Baker, responding to queries about the report, issued a statement saying:

"Over the course of the last three years, he's had numerous press inquiries about reports of job changes. He's never commented on any of them. He's not about to change that now."

However, Mr. Baker has often denied such rumors directly, and he was unavailable for comment.

Morale at the White House has been damaged in recent weeks by an intensive investigation of purported disclosures of national security information.

United Press International

V FOR VICTORY — Foreign Minister Carlos P. Romulo of the Philippines, signals cheerfully from a Manila hospital bed before undergoing dialysis treatment on Wednesday. With the 85-year-old diplomat are his wife, Beth Day, center, and a nurse.

Oxford Causes Stir in British Academia By Acting to End Alleged Entrance Bias

By Simon Cox

Reuters

OXFORD, England — Oxford University, which along with Cambridge is one of Britain's most respected institutions of learning, could shed its image of privilege after a move to change the way it selects undergraduates.

Coming after years of debate, the change will remove an alleged bias toward applicants from Britain's relatively few fee-paying schools and give students from state-run schools a better chance of entering the eight-century-old university.

Renowned for their imposing medieval architecture and the charm of their courtyards and gardens as well as for their intellectual reputations, Oxford and Cambridge have furnished the country with a succession of celebrated public and literary figures.

Among past graduates of the two universities, known together as "Oxbridge," are a host of prime ministers, such as William Gladstone, Harold Macmillan, Edward Heath and Margaret Thatcher, writers like T.S. Eliot, Oscar Wilde and William Wordsworth, and the heir to the throne, Prince Charles.

Although far from all Oxbridge students are members of a privileged social elite — Mrs. Thatcher and Mr. Heath came from humble backgrounds — the two universities have tended to convey an impression of being the domain of the wealthy and aristocratic.

Critics of Oxbridge point to the fact that the 7 percent of pupils who go to private schools, known in Britain as "public" schools, provide at present about half the undergraduates at the two universities.

But the lofty halls and peaceful courtyards of Oxford's 28 colleges could begin to see a shift in the university's student body as a result of the change.

Unlike Britain's other universities, Oxford and Cambridge select most of their undergraduates through their own entrance examinations rather than relying on the "A-level," or advanced, examinations taken nationally by secondary students at the age of 17 or 18. They say that these examinations are "not a fine enough instrument."

The Oxbridge entrance examinations require an additional term of study after pupils would otherwise have left school. Advocates of reform say these examinations favor applicants from the private schools, since they have the facilities to provide the additional teaching, which state schools are generally unable to offer.

The Oxford colleges last month moved, in theory at least, to change this bias by agreeing that from 1985 all candidates for the entrance exam should take it a year early, while they still had a year left at school.

It is likely that this change will put pressure on Cambridge, which two years ago failed to agree on a proposal to reform its own entry system, to follow suit.

The Cambridge admissions office has said it is conferring with the 24 Cambridge colleges about reopening the issue.

Reaction from schools has been mixed.

Roger Ellis, chairman of the Headmasters' Conference, an association of 240 top "public" schools and headmaster of one of the most famous, Marlborough, said the decision to move up the examination was "disastrous" and "a bad answer academically."

He said that the conference, although conceding the need for change and the fairness to the state schools of Oxford's decision, was "united in its dislike" of the early examination. He said it would be a disadvantage for later developers and those with "stamina," and favor those with "slick" minds.

But John Rae, headmaster of Westminster School, a "public" school in central London, said it was important that "justice is seen to be done" and he welcomed the change.

Ulster Lawmaker, an IRA Opponent, Is Slain Outside Law School in Belfast

The Associated Press

BELFAST — Two IRA gunmen disguised as joggers shot to death a leading Protestant member of the Northern Ireland assembly Wednesday outside the Belfast law school where he taught.

Edgar Graham, 28, chairman of the assembly's Finance Committee and a leading opponent of the Irish Republican Army, had just arrived at Queen's University for a lecture on European Community law when the gunmen opened fire at point-blank range, police said.

Mr. Graham was hit in the head and collapsed in a pool of blood. Witnesses said one of the gunmen continued to fire at him before the two fled on foot. Mr. Graham was pronounced dead at the scene.

The IRA, waging a guerrilla war to end British rule in Northern Ireland, claimed responsibility for the "execution," which brought the death toll in 14 years of Protestant-Roman Catholic violence to 2,338.

An IRA statement sent to news agencies said that Mr. Graham had "rejoiced in the assassinations of republicans, supported the corruption of even British law in the use of show trials and paid perjurers."

Mr. Graham was a leading member of the Official Unionist Party, the province's predominant Protestant party, and a leading opponent of the security policies of the government of Prime Minister Margaret Thatcher, which he said were not tough enough on terrorism.

When gunmen burst into a Protestant church in Darkley, Northern Ireland, on Nov. 20, and shot to death three church elders, the party announced that its members would boycott the assembly.

The move was a blow to British hopes that the elected assembly, which is only an advisory body, might eventually restore political stability to the embattled province.

The assembly was already boycotted by Catholic parties.

Britain's Northern Ireland secretary, James Prior, expressed outrage at "this cold-blooded murder."

Garrett FitzGerald, prime minister of Ireland, said he heard of the killing with "abhorrence and disgust." He said those responsible were "enemies of democracy, and of all the people of this island, both north and south."

In the north, Seamus Mallon, deputy leader of the Social Democratic and Labor Party, the dominant Catholic party, said the killers' aim could only be "to plunge Northern Ireland into outright bloody confrontation."

Protestant politicians were furious and accused London of not doing enough to stop terrorism.

"I myself asked for more protection for Edgar Graham less than three weeks ago," said the Rev. Martin Smyth, a Protestant member of Parliament. "My information has tragically proved correct and I indict the security forces for not giving him that protection."

The shooting was the latest in a spate of sectarian slayings that the police have said began with the shooting of a Catholic, Adrian Carroll, 24, the brother of an alleged nationalist guerrilla, on Nov. 8.

AP

Edgar Graham

French Nuclear Test Reported

Reuters

WELLINGTON, New Zealand — France exploded a small nuclear device Saturday at its testing site on Mururoa atoll in the South Pacific, New Zealand government scientists said Wednesday.

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

Lebanon: Out by Jan. 1

The 2,000 beleaguered American marines in Lebanon have no military mission. They are passive diplomats in olive drab, flying the flag in a vulnerable encampment. Even if they were reinforced they could not hope to compel an end to Lebanon's civil war, or the withdrawal of 40,000 Syrian troops. So there is no point in talking about the marines in do-or-die battle slogans. They risk their lives and the honor of their country, but they have nothing tangible to win. They are instruments of a negotiation that, if it doesn't fail altogether, can produce no better than a sloppy compromise.

If such use of the marines demeans a proud uniform, the mistake will not be undone by inventing a larger mission now. The marines acquired their diplomatic assignment by accident and have made what contribution they can. It is time to pull them out while their losses can be reckoned in hundreds.

The choice requires a cold calculus. One casualty does not justify the next. The life of the next marine has to be reckoned to be as precious as the first.

The fact is that President Reagan sent the troops ashore expecting not to lose a single man. Their first task, to supervise a PLO evacuation, was done in a month, and they withdrew. Then they were sent back in to occupy a buffer zone around Beirut — when Washington thought that would help in arranging a coordinated withdrawal of Israeli and Syrian forces while the rival Lebanese factions formed a new coalition government.

But the Syrians stayed to bolster Moslems against Christians, the civil war continued and the Israelis pulled back in frustration. President Reagan countered by trying to bolster the Christian-led "national" army, letting the marines guard the Beirut airport and call for an occasional shot from America's offshore naval guns. At the same time, he pressed the Christian leaders to strike a deal by yielding more political power to Moslem groups.

That is where matters have stood for six agonizing months. The Lebanese factions have failed to strike a deal, and their civil war flares on; 240 American men were lost in one terrible, deliberate attack, and a dozen more to shells that may or may not have been aimed at them. Why keep them there?

Mr. Reagan implies that they are buying time to keep building the "national" Lebanese army that would help the Christians cut their deal. That failing, he expects the Lebanese army to defend a Christian enclave around Beirut while Moslem groups carve out other autonomous areas. Either way, coalition or carve-up, Syria will still hover over all Lebanon. Mr. Reagan thinks the Syrian occupation can be confined to eastern Lebanon, but that containment will be pursued with American and Israeli air power, not the marines.

This sloppy outcome would preserve the fiction of a sovereign Lebanon and let both Israel and the United States appear to have saved it from conquest by a Soviet ally. In global terms, that may be worth some American lives, but buying more time with more lives will not buy any more prestige.

Nothing America or Israel are willing to risk can alter the balance of forces, push Syria out or reduce its future influence over Lebanon.

Keeping the marines in place can buy only one more thing: time to let the Lebanese decide whether they want a weak coalition governing a large area around Beirut or a bunch of separate, small factional enclaves. They can make that choice in weeks, and Mr. Reagan has nothing to fear from naming the date on which the Marines will leave. Try Jan. 1.

— *THE NEW YORK TIMES.*

The End of Antitrust?

The staff recommendation, made last week, that the Federal Trade Commission approve a joint venture between General Motors and Toyota has implications that go beyond a single transaction, even one of this magnitude. The two giant companies want to produce some 200,000 subcompacts a year in an empty GM plant in Fremont, California; GM seeks not only profits but experience in Japanese manufacturing techniques, while Toyota wants more presence in the U.S. market than it has under the current "voluntary" quotas. The scale of this enterprise has aroused protests, notably from Chrysler, which sees two of its larger competitors ganging up against it.

Ten years ago this combination would have been regarded as obviously illegal. Why the change? The answer, we think, is that in two important ways the rules of antitrust law as they had developed were undermined by observation of how the world works.

First, the rules had grown maddeningly imprecise. Some Supreme Court decisions seemed to bar any mergers between competitors or suppliers, no matter how small; and antitrust experts were even spinning theories to prohibit mergers between companies in totally unrelated businesses. So no one could ever say for sure that a particular merger would be judged legal. At the lower levels of the economy, that created uncertainty that retarded efficient use of resources. At the upper levels, it encouraged endless litigation and the politicization of antitrust law.

The second factor undermining the antitrust laws was their encouragement of a sort of market-sharing. In autos, for example, GM long understood that it would be in trouble if it won more than 56 percent of the market for U.S.-made cars. That is not an incentive to innovation and competition; instead, it encourages sluggish behavior and bureaucratic stasis. Critics of antitrust law argued that it protected competitors rather than competition. But even more, it seemed to enervate some of those otherwise best able to compete.

What is left of antitrust law? Not much more than the ban on price fixing, which the Reagan administration has in fact been vigorously enforcing (and which is the subject of giant private antitrust suits, initiated mostly by skilled lawyers not to serve the public interest but for huge fees). Most mergers and resale price arrangements are not being challenged by the government, and if GM-Toyota goes through, it will seem that joint ventures are generally allowed. The disappearance of much antitrust law has been hurried along by the Reagan administration, but it is a development that already had considerable momentum before Mr. Reagan was elected.

— *THE WASHINGTON POST.*

Other Opinion

Europe: Not-Yet-Mortal Failure

Is this the beginning of the end for the European Community? Most member countries asserted before [this week's summit] that the Community's very existence would be at stake. The Athens meeting turned out to be an undeniable fiasco. Yet no one is now talking about death throes. On Wednesday the Ten acknowledged their failure calmly.

Several countries, including France, were aware that no amount of crash negotiating would resolve the pending issues; they had decided against turning the Athens talks into a marathon. Perhaps the talks were indeed badly prepared. That lays a heavy responsibility on France, which assumes the presidency of the EC Council on Jan. 1. Will the French manage to do better than Greece — and will they want to? Will they succeed in promoting an economic compromise among the divergent national interests, in the service of a political vision that was wholly lacking in Athens?

Two different explanations can be advanced as to why the current crisis has not broken up the EC: either a certainty that Europe is by now too important a reality to be at the mercy of budget ups-and-downs; or simply the inertia of habit and of the EC bureaucracy. The first few months of 1984 should tell.

The principal casualty in Athens was political cooperation. Financing problems are basic, it is true, but there was nevertheless something pathetic in the spectacle of ten European heads of state or government squabbling over [budget matters] and completely ignoring the Middle East drama and East-West tension.

This was not yet the summit of last opportunity, but there is no denying that opportunities were missed — yet again.

— *Le Monde (Paris).*

A New Middle East Situation

The Great Veto [against a Middle East settlement] has been removed. The veto was the fact that the Palestine Liberation Organization could never resolve the argument between those of its leaders who were willing to accept the existence of Israel, and those who wanted to remove Israel from the map. The argument has now been made irrelevant by the splitting of the PLO, a process which the Israelis began by their invasion of Lebanon last year and which is this year being concluded by the Syrians. The anti-Israeli intransigents have been collected under Syria's thumb. Most of the possible accepters-of-Israel remain under the wobbly leadership of Yasser Arafat. If Mr. Arafat escapes from the Syrian siege of Tripoli, he will be free to authorize the approach to Israel which his own indecisiveness failed to make the PLO accept last year. If he does not escape, or is sacked as a failure, a more decisive successor will have the same chance.

— *The Economist (London).*

FROM OUR DEC. 8 PAGES, 75 AND 50 YEARS AGO

1908: Japanese General Is Criticized

TOKIO — It is not possible to obtain any confirmation of the resignation of General Terauchi, the Minister of War, although rumors of disagreement in the Cabinet owing to his arbitrary attitude are rife. His influence has steadily increased in the previous and present Ministries, and he appoints his tools on the General Staff, in the War Department, in Manchuria, Formosa and Corea. Significance is attached to his absence from the weekly Cabinet meetings as an indication of his disapproval of the policy of military retrenchments and postponements. The Diet is expected to demand an explanation of his attitude.

1933: Mills Warns Against Inflation

NEW YORK — In a careful analysis of the monetary condition, Ogden Mills, who succeeded Andrew W. Mellon as secretary of the treasury under President Hoover, has told the Women's National Republican Club that lack of confidence in the present administration's monetary policies constituted a heavy drag on the normal forces of recovery and that the country was applying the brakes to credit expansion, without which no general price increase was possible. He described the present policies as containing the germs of "one of these speculative inflationary movements we have such cause to regret."

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Reagan's Dilemma in Lebanon:

The U.S. Effort Needs Help That Israel Is Unlikely to Give

By William Pfaff

PARIS — What is the United States after in the Middle East? The question still does not have a satisfactory answer. Is it to drive the Syrians out of Lebanon and install a government which pleases Washington and Jerusalem? That would seem to be the answer, on the face of it. Yet can this be serious?

One readily sees why such goals could suit Israel. But it has yet to be explained why the political integrity and stability of Lebanon are of more than indirect interest, fundamentally, to the United States, nor why the U.S. government should imagine that it is capable of bestowing integrity and stability upon a Lebanon occupied by two hostile powers and for a decade torn to pieces by powerful forces of its own.

But then such questions are perhaps beside the point. The United States is already in Lebanon and its forces are taking casualties there.

President Reagan, as an election year approaches, has an evident interest in withdrawing those U.S. forces. But, since it was he who put them there, they have to come out looking as if they accomplished something. He needs a victory. He sees Syria merely as an agent of the Soviet Union, so the success will have to be at Syria's expense.

Here, I believe, is where Mr. Reagan now stands, without having thought much beyond this. He has an ambition, but not a program.

That would seem to explain his decision to make a new and closer alliance with Israel.

Arabs, Europeans, even some Israelis think the new agreement means a joint military campaign to drive Syria out. I think they are wrong. Israel is not going to send its troops north to take serious casualties as a favor to Mr. Reagan.

Israel is now in its best situation since the invasion of Lebanon. It holds enough of that country, south of the Awali river, to provide a security zone for itself. The Palestinians have been driven out of the south and have been killing one another in the north, under Syria's sponsorship. Having failed, Israel's effort to solve Lebanon's internal problem by means of a client government has been successfully handed on to the United States. Washington has made it an American problem.

Why, then, should the Israelis throw themselves back into a Lebanese quagmire from which they have just so astutely, and narrowly, extricated themselves?

The alliance means something else. In what was said between Ronald Reagan and Prime Minister Yitzhak Shamir in Washington in November there was both guile and guilelessness; yet Mr. Shamir made his own position unmistakable. While he congratulated Mr. Reagan on his commitment against "totalitarian aggression" in the Middle East, and said that Lebanon can be saved, he also said that Israel owes America nothing as a result of the new agreements on joint consultation, maneuvers, arms aid, etc. He said relations between the two countries are not based on quid pro quo.

Mr. Shamir said there will be absolutely no compromise on the Israel-Lebanon agreement of last May 17 concerning Israeli withdrawal. "Not one word" will be changed. That means that until Syria retires from Lebanon, Israel stays.

While Mr. Shamir promised Mr. Reagan to "have another look" at the Reagan peace plan for the Middle East, it was obvious that nothing would change there, either.

So what did Washington get from the alliance? The answer, I think, is reassurance. Jerusalem knows what it wants in the Middle East. The Reagan administration has attitudes, commitments, hopes; it does not have a policy. Mr. Shamir and his associates are sure of themselves. They inhabit reality. Their lives have been spent in deadly struggle to make and save their nation.

Theirs is not a world that Mr. Reagan and his friends really know. These are sheltered, comfortable people, whose lives have been entertainment, business, the law. They sense this difference. Israel attracts them because it is sure of itself at a time when they are deeply unsure of themselves, and of what to do.

Mr. Shamir says Lebanon can be free. It can become an island of tranquillity. "The influence of the free world in our part of the world" can be enlarged. That is what President Reagan wants to hear. But without action those are only words.

Without action the alliance solves nothing for Mr. Reagan. Israel will act only for self-preservation. Mr. Reagan will eventually find that Israel will not, and cannot, give him what he wants. What will he do then? No one can answer. That itself is reason for apprehension.

International Herald Tribune.

No, the American Purpose Is Clear and Modest

By Philip Geyelin

BEIRUT — You find almost no one in Beirut who sees Lebanon as Ronald Reagan's who-blinks-first test for the free world. Nor is Syria seen as a supple Soviet surrogate. Still less do you find the tiresome pretense, so freely contrived by critics of U.S. policy, that there is no policy, that America's purpose has yet to be defined. That is a useful refuge for those who see the U.S. objective but don't like it and have nothing better in mind.

Here, the immediate U.S. role is accepted in the modest way that Ronald Reagan has put it: "To help the Lebanese put their country together, not to do it for them."

Hence the widely shared conviction that the only way out of the military standoff is political, and an equally wide concern that the only political way out that has any hope of success falls far short of meeting two contradictory demands:

— that the marines and the U.S. naval armada be quickly disengaged from entanglement in what increasing numbers of congressmen and an apparent majority of the U.S. public see as an unmanageable mess;

— that the Lebanese be seen to be given an honest opportunity to take hold of their own destiny.

"Our policy here is not to get out as fast as possible with minimum damage — that is not what's driving us," says an American diplomat. His point is that the United States has made a commitment and a heavy investment in lives in Lebanon. His answer to those in the United States who cannot see why Lebanon matters is that maybe it doesn't, by itself. But making good on U.S. commitments, however carelessly or clumsily entered into, does matter. And making good on this one has a bearing, at the very least, on America's ability to safeguard its interests all across the Middle East.

Thus, and not for the first time, are the demands of diplomacy, reinforced by tempered military force, out of sync with U.S. domestic political imperatives, not to mention those of increasingly twitchy allies in the Multinational Force, most notably the Italians and the French.

The Reagan administration says it is not "prepared to go to war" with Syria. That leaves it to the Lebanese government to send its own signal to Syria by a combination of political reform and a more aggressive effort to demonstrate an ability to expand its authority and uphold its sovereignty.

The Reagan administration wants Amin Gemayel to be more like a president. So, deep down, does he. But as a Maronite Christian (according to the unwritten terms of the National Pact, by which Lebanon has divided the spoils in its 40 years of political life), he is also an interested party in the necessary process of political reform.

The need is for a return to the principle that enabled Lebanon to flourish (apart from a brief civil war in 1958) up to the much more destructive civil war in 1975-76. Professor Ghassan Salameh, a Greek Catholic who is engaged in an across-the-board search for a "reconciliation" formula, explains: "This country cannot absorb a victory — some can improve, but nobody can win." I suspect that most parties to the internal Lebanese warfare still know this is so — if there is to be a Lebanon with political spoils to share.

The trick will be to mesh the timing of "reconciliation" with negotiations on the withdrawal of foreign forces, while a passive multinational force is depending largely on a reinvigorated Lebanese army, to suppress internal conflict and impress the Syrian and Israeli occupiers.

Diplomats and academics can design formulas that might work. But it all comes down to patience and heavy costs — over no one knows how much time. The question is whether American politicians and the American public are prepared to give the time and pay the costs.

The Washington Post.

This Mission Trivializes U.S. Power

By Joseph Kraft

WASHINGTON — America has global responsibilities that require standing up to force. But as part of a peacekeeping presence in Lebanon it invites attack by crazies. Out of that confusion comes the unsought clash with Syria and the latest outburst of fighting.

The lesson is that, after striking back hard, Washington should pull the marines out in the interest of more serious international business.

The balancing role of American power in global politics is a historic reality that must not be obscured by the idiosyncrasies of recent presidents. Western Europe and Japan are democratic and prosperous today thanks largely to protection afforded by America after World War II. Many of the newer nations of Asia and Africa achieved independence in relative peace because of the American shield. Conversely, peace and freedom have suffered when the United States trivialized its responsibilities as a superpower.

Because Presidents Johnson and Nixon tied up American might in Vietnam, major problems were left untended in Europe, Southwest Asia and the Middle East. The Russians and their proxies profited.

When Ronald Reagan came to power, the global balance was uncertain. The defense buildup works to restore the symmetry. But that undoubted achievement has been offset by bellicose rhetoric and an uneven performance in the application of force. Moralistic denunciations of "the evil empire" have combined with loose talk of nuclear war. The military operation against tiny Grenada, while successful, was talked up as a great victory.

Then there has been Lebanon.

Major interests are at stake. The Gemayel government, the PLO and the security of Israel's northern border are threatened by the dissident factions in Lebanon. These are manipulated by Syria. The Syrians enjoy the support of both the Soviet Union and the Islamic revolution of Ayatollah Khomeini in Iran.

The United States has two major commitments to fulfill. U.S. power is required to offset the Russians in the whole area. It is also needed to reassure the conservative Arab monarchies and sheikhdoms against the threat posed by Iran. But those responsibilities are best served by standing slightly aloof, on the ready to come in as a balancing factor.

The United States in effect compromised its larger commitments by joining Britain, France and Italy in the peacekeeping force for Lebanon. That force is designed, by its presence, to prop up the government of President Gemayel. Inevitably it has drawn fire from the dissidents most immediately at odds with him. But while other parties have known ...

The killing of marines is a challenge that should not be ducked. There is a strong case for knocking out Syria's anti-aircraft defenses. But whatever the immediate response, the paramount requirement is to move the marines out of Beirut soon. Their continued presence as hostages to the crazies of world politics is fundamentally incompatible with international security.

Los Angeles Times Syndicate.

Canadian Difference: A Departing Correspondent Recapitulates

By Stanley Meisler

PARIS — Canada is different. That is the main lesson this American took away with him after a stay of five years. Yet many Canadians find it difficult to accept.

"Name one way in which this country differs from yours," a skeptical Canadian host challenged me on a recent television talk show. "For one thing," I replied, "one quarter of your people speak French."

"Oh, that," he said.

Canadians are still not sure what to make of themselves as a nation, and of their relationship with the United States. Bombarded by U.S. television, addicted to Time magazine and Newsweek, caught in the mythology of American baseball, many Canadians like to feel that they are part of a greater North American culture.

Sometimes cries of nationalism arise to protest against the economic and cultural imperialism of the United States. While these cries do touch a chord, most Canadians seem embarrassed by nationalist fuss.

Proximity to the United States has helped boost Canada to one of the world's highest standards of living. But it may have crippled Canada's growth in other ways.

The Canadian film industry is a good example. Several years ago it boomed under a tax write-off that amounted to a government subsidy for Canadian-made movies. There had never been any doubt about talent. The roster of Canadian names in Hollywood is long and honored, including Mary Pickford, Raymond Massey, Glenn Ford, Norman Jewison, Christopher Plummer and Donald Sutherland. The subsidy was designed to keep such talent at home in a Canadian industry worthy of pride.

But the enormous U.S. market next door proved to be too tempting. Instead of exploring its national themes in an original way, the Canadian industry tried to produce imitation American movies for Americans. Toronto was disguised as Philadelphia and Montreal as Cleveland in ersatz Americana. Filmmakers took to calling Toronto "Hollywood North" and blew kisses at each other in chic, Los Angeles-like restaurants.

At a time when Australians were delighting the world's film critics with sensitive movies about Australian life and history, the Canadians were turning out mostly garbage, earning a good deal of derision and very little profit.

Canadians fare much better when temptation is removed. Television and radio journalists, for example, are forced to concentrate on Canadian news for Canadian audiences and, as a result, perform at an unmatched level. Reporters and anchors display a competence, thoughtfulness and thoroughness that leave their higher-paid U.S. counterparts far behind.

An American has a hard time adjusting to the Canadian political system. It is an old cliché, after all, that the United States came from those American colonists who rebelled against the English king, while Canada came from the Tories who remained loyal. The role of this history in accounting for the difference is not clear, but there is no doubt that Canadians are a conservative people who accept authority more readily than most Americans do.

Judges slap gag rules on the press with abandon, and ministers hold on to cabinet secrets with incredible tenacity. Canadian journalists accept this, in the view of an American journalist, with appalling meekness.

But an American who senses acceptance and apathy all around is sometimes confused by what seems like a contradictory spirit. Out of frustration, some Canadians make an awful lot of noise when they do want to oppose a government policy. Opponents of the government believe that an enraged public opinion is the only hope of pressuring the prime minister into withdrawing legislation.

Canadians feel that they can either accept government policies or shout against them. They do not seem to feel that they can have a real role in ironing them out.

As a result, parliamentary debate has a shrillness that would shock an American congressman, and the Ottawa press corps boasts a venom that would astound the most cynical Washington correspondent. On a recent radio news show, an analyst predicted that Prime Minister Pierre Elliott Trudeau would seek re-election. "That," the moderator said, "is the worst news I have heard all day."

Americans tend to regard Mr. Trudeau as a leading world statesmen, but most Canadians seem tired of him. They have had enough of what they believe is his arrogance and contempt for public opinion. The antipathy is even greater out West; most Westerners look on Mr. Trudeau as a French Quebecer alien to them.

Although an American may feel ill at ease with the Canadian political system, he may also feel wistful about some of its social achievements. Since special interest groups have almost as much trouble as ordinary citizens in trying to influence legislation, the will of the majority cannot be thwarted by campaign contributions. Sensible gun control has not been blocked by a National Rifle Association. Nor has the Canadian Medical Association succeeded in preventing a national program of almost universal government health insurance.

The relationship between the French-speaking minority and the English speakers is still the main internal problem, but one that most English-speaking Canadians like to forget. On the surface, the problem has eased in the last few years.

Quebec separatism is now a dormant issue. The selection of Brian Mulroney, a bilingual Irish-Quebecer, as leader of the opposition Progressive Conservative Party earlier this year made it clear that even the most traditional politicians now realize that a potential prime minister of Canada must be able to speak to his people in both official languages.

Yet there are dangerous signs that the issue is still festering. Now and then it flares up in irrational ways. The rage throughout much of English-speaking Canada over the adoption of the metric system, for example, comes largely out of the foolish notion that a French-speaking prime minister is trying to ram through a French-invented system.

There is still no true understanding among English Canadians of the frustrations and rights of French Canadians. It is astounding, in fact, how English Canadians often fret over Canada's identity as a nation, while at the same time rejecting the single most exotic feature that distinguishes Canada from most other countries.

It is always hard to generalize about a people. This is the more difficult in Canada because of two different language groups. French Quebecers, for example, are a warmer and more volatile people than the conservative English Ontarians. Yet there is little doubt that most Canadians, from both language groups, are marked by civility, generosity, a disdain for flashiness and a penchant for putting themselves down.

The last quality often takes the form of a foolish, unfunny, self-deprecating joke, but it can be handled with wit as well. With tongue in cheek, I remarked to a Canadian immigration officer recently that my impending transfer from Toronto to Paris was a demotion. "Be careful," he said. "It is a criminal offense to lie to an immigration officer."

The writer, until recently the Los Angeles Times correspondent in Toronto, has been reassigned to Paris.

LETTERS TO THE EDITOR

The IAEA and Argentina

On Dec. 2 the International Herald Tribune carried an editorial from The Washington Post, under the heading "Alfonsin and the Bomb," which contains some misunderstandings concerning the purpose of my recent visit to Argentina and some important factual errors.

I am said to have been in Buenos Aires "to try to persuade the new government to come into the IAEA system of safeguards," and I am said to have talked with both the president-elect, Raúl Alfonsín, and his designated secretary of energy, Conrado Storani, "without success."

The editorial states that I was told by Mr. Alfonsin and Mr. Storani that Argentina would refuse to sign the Nuclear Nonproliferation Treaty and the Treaty of Tlatelolco.

The facts are as follows.

The International Atomic Energy Agency already has several safeguards agreements with Argentina and performs safeguards verification under them. All nuclear installations in Argentina are not, however, under IAEA safeguards, as they would be if there were a safeguards agreement under the Tlatelolco treaty. Thus, the facility for enrichment of uranium in Pilcaniyeu, which was announced just before my arrival in Argentina and which I visited at the invitation of the Argentine national commission for nuclear energy, is not under safeguards verification.

Argentina *has* signed the Tlatelolco treaty, but has not ratified it. The IAEA has for several years had discussions with Argentina about comprehensively safeguarding the Argentinian nuclear program under the Tlatelolco treaty. These discussions have been very active in the last nine months and I naturally expressed the hope to the president-elect that they would be continued with the new government.

I explained how safeguards are applied on the basis of agreements freely entered into by sovereign governments, and how they are designed to create confidence in the exclusively peaceful aims of nuclear programs.

During my talk with Mr. Alfonsin, the designated foreign minister, Dante Caputo, and the designated minister for public works, Roque Carranza, were present. Mr. Storani, designated secretary of energy, was not present at the conversation.

Neither the president-elect nor any one of the two designated ministers present told me that Argentina would not ratify the Tlatelolco treaty. My impression was rather that the new government, naturally, needed first of all some time to fully examine the nuclear program that it is taking over and its international environment.

HANS BLIX, Director General.
IAEA, Vienna.

Portugal: A Surprise Tax

I am an American traveler who arrived in Portugal on Nov. 9, when my passport was stamped and I was allowed to enter. I was not informed verbally or in writing that upon leaving I would be required to pay a departure tax of 1,000 escudos.

This tax, I learn, is required of foreigners leaving Portugal.

I find this to be irresponsible and unjust. One thousand escudos is a relatively small amount of money — less than $8 — but if the government can implement this taxation without notification, there is nothing to prevent it from increasing the tax, without prior notice, to 10,000 or 20,000 escudos. In a way I feel like a financial hostage. People who are planning on traveling to Portugal should be made aware of this tax.

RICHARD L. PEAVEY.
Coimbra, Portugal.

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International Herald Tribune
Published With The New York Times and The Washington Post

OIL AND ENERGY

A SPECIAL REPORT

Nuclear Energy: Dynamic Growth

By Thomas R. Stauffer

VIENNA — Nuclear energy today is the most dynamic energy sector in the industrial world and the most potent competition to high-cost oil. In spite of persistently negative publicity and prominent vocal opposition, nuclear power is the most rapidly growing source of new energy for Europe and Japan. For the Soviet bloc, too, nuclear energy is a strategic source of both energy and scarce foreign exchange and critical to its economic policy.

Worldwide nuclear electricity production has increased steadily at 20 percent per annum since the oil price shock in 1973, faster than any other energy source and much faster than energy demand growth.

The impact of nuclear power upon OPEC has been striking. New nuclear stations built between 1972 and 1982 have eliminated 3.5 million barrels a day from the demand for OPEC oil, constituting one-fourth of the total reduction in OPEC oil production. Global production of nuclear power by early 1984 will surpass 1 trillion kilowatt-hours a year, the equivalent of 4.5 million barrels a day of oil.

The extravagant forecasts for nuclear power made earlier — the promises of electricity "too cheap to meter" — have been discarded, and projections of installed capacity have been cut almost in half. However, this remarkable momentum is expected to continue, at least through this decade. The International Atomic Energy Agency in Vienna, based upon completion schedules of plants already under construction, expects that by 1990 nuclear power production will double again, reaching more than 10 million barrels a day of oil equivalent energy, the global counterpart

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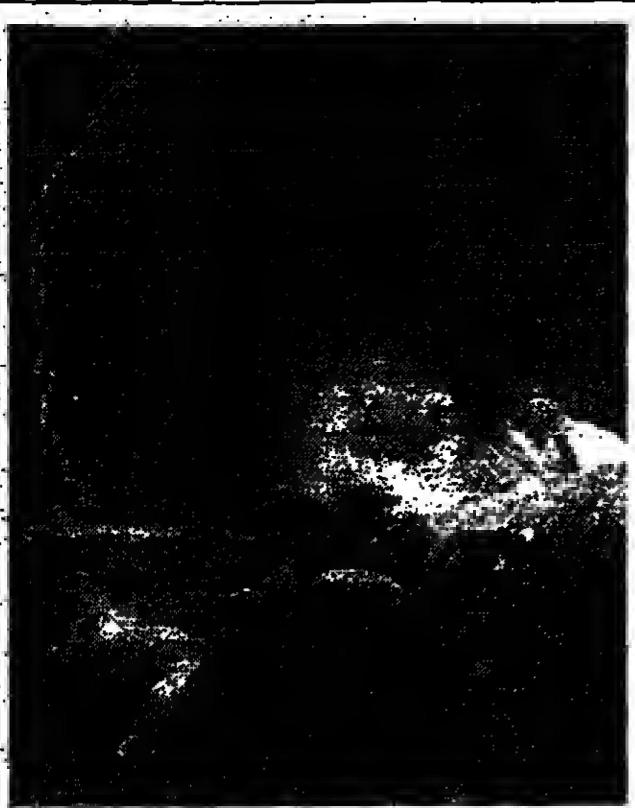
Thomas R. Stauffer is an energy specialist who is currently a visiting professor at the Diplomatic Academy in Vienna.



EUROPEAN ALTERNATIVE — In the Soviet Union, above, work progresses on the 3,000-mile pipeline (map below) to deliver natural gas to Western Europe. Meanwhile, Western governments proceed with expansion of nuclear energy despite protest and controversy; at right, the nuclear power plant at Dampierre, France.

The New York Times

Decline in Oil Demand: Have Consumer Nations Permanently Cut Needs?

By Daniel Yergin

CAMBRIDGE, Mass. — The most important question on the energy scene today is what will happen to demand. The entire oil industry has been traumatized by the fall in oil consumption. Between 1973 and 1982, the industrial world grew by 20 percent. During the same period, its demand for energy fell by 2 percent — and demand for oil dropped by 12 percent. The change has been even more dramatic since the second oil shock. Between 1979 and 1982, the industrial world demand for oil declined by 6.5 million barrels a day — a 17-percent drop.

In these circumstances, the traditional ways of trying to figure out the future just do not work anymore. "We took projections for economic growth, and multiplied by 1.2, and that is how we knew what demand for oil would be," is the way a senior executive of one major oil company recently — and somewhat nostalgically — explained how he and his colleagues used to project demand.

The unexpected change is forcing a process of reconsideration in the industry no less momentous than after 1973, as top management and planners today try to understand what kind of business they will be in a decade from now. But no group has experienced the decline more sharply than the OPEC countries, whose production has fallen by 40 percent since 1979. As a director of one OPEC national oil company almost plaintively commented, "Never have so many forecasters had to change their forecasts so often."

The last few months, however, have given the first sign of some recovery. Demand for oil is rising, although at a very modest rate. This has been driven primarily by something of a rebound in the United States (where oil imports rose by about 13 percent in September and October from last year — but dipped in November).

But the rebound is small — we in Cambridge estimate a 2-percent increase in world demand — while the surplus is still very large. The consequence will be renewed downward pressure on oil prices this winter, setting the stage for the third episode of the now-familiar soap opera, "Will OPEC Survive?"

Underlying this coming winter's drama will be the key question whether demand for oil will increase in any significant way, or whether it will be more or less flat, even with economic recovery. Decisions about investment, marketing and redeployment of assets — as well as major political issues — all hinge on what happens to demand for the next few years.

The decline in demand for oil is the result of conservation, fuel switching and recession. On that, there is general agreement — but only on that. For it has been very hard in the midst of a deep world recession (which really should be called a depression) to separate out the factors.

The only way to do it is on a sector-by-sector basis. A substantial part of the decline is the result of permanent structural changes. One of the most important has been the replacement of oil in utilities by other forms of generation — mainly coal and nuclear. This has been taking place throughout the industrial world.

Another is the change in the U.S. automobile fleet. This is very significant, since one out of every eight barrels of oil used in the free world every day is burned as gasoline on the American highway. A great deal of further conservation — as every new car buyer in the United States should know — is built into the system by the technological changes in automobiles that result in higher fuel efficiency. Economic recovery will actually accelerate the turn to more fuel-efficient vehicles.

But demand will also be affected by behavior and expectations for prices and supplies. For instance, the number of miles driven by the average American car fell 5 percent between 1978 and 1979 — in the face of gas lines and price increases. It fell by another 5 percent by 1981.

That could easily rebound with economic recovery, rising incomes, and expectations of flat oil prices. Shifts in expectations will also reduce the eagerness of industrial managers to shift from oil to other fuels.

Finally, of course, the recession has hit particularly hard at the energy-intensive industries, further depressing demand. When all the factors are added together, we would expect a mild rebound demand for oil as the industrial world comes out of the recession. A particularly important factor will be the timing and extent of depressed Europe's recovery. After this rebound, demand will flatten, as structural changes, already in the pipeline make their influence felt.

A key uncertainty for later in the 1980s is whether the U.S. auto fleet goes beyond the 27.5-miles-per-gallon fuel efficiency now mandated by law.

But, from the viewpoint of overall world demand for oil, there is one other most important factor. The international debt crisis is pushing the developing world into austerity.

If and when that problem is overcome, economic growth will resume in the developing world, and we would then expect to see a continuing and rather exuberant increase in demand for oil coming from those nations.

Daniel Yergin is the author of "Global Insecurity: A Strategy for Energy and Economic Renewal," sponsored by the Atlantic Institute for International Affairs, and co-author of "Energy Future: Report of the Energy Project at the Harvard Business School." He is president of Cambridge Energy Research Associates and is a lecturer at Harvard University.

Despite War, U.S. Discounts Threats to Block Gulf Shipping

By John M. Berry

WASHINGTON — Most U.S. government officials, oil industry executives and oil market participants believe any major lengthy disruption of oil shipments from the Gulf is highly unlikely, even though the Iran-Iraq war continues.

Officials at the State, Treasury and Energy departments have taken long, detailed looks at the situation and concluded that Iranian threats to close the Strait of Hormuz, through which about 9½ million barrels of oil flow daily, cannot be carried out.

This assessment is also shared by Sheikh Ahmed Zaki Yamani, the Saudi Arabian oil minister, and Sheikh Ali Khalifa al-Sabah, his Kuwaiti counterpart, Reagan administration officials said.

For one thing, any Iranian action to halt the 18 tankers that use the 45-kilometer (27.9-mile) wide passage each day would cut off its own exports of about 2 million barrels a day. Since the United States could be expected to respond militarily to keep the international waters of the strait open, Iran would run the risk of having its exports stopped even after the passage was reopened to other vessels, U.S. officials said.

Similarly, attempts at sabotage or commando raids on the oil fields, pipelines or shipping terminals of Kuwait, Saudi Arabia, Qatar or the United Arab Emirates would be unlikely to cause a major disruption, the officials said.

Just as the Iranian navy with its handful of destroyers and escorts could do little in the strait, the kind of massive, coordinated attack on the oil facilities themselves is thought to be beyond the capabilities of the Iranians. That does not mean that some facilities could not be destroyed. However, enough of them could be destroyed to make a major difference in world oil markets.

"The probability of more than a very short disruption is very low," said one administration official who took part in the assessment.

An executive with a major U.S. oil company with interests in the Gulf shares that view. "I have a hard time believing that Iran could shut down the strait. It would take a great deal of force and expertise and I don't think they could muster either," he said.

Behind all of the sanguine estimates, of course, lies the current oil surplus. In early 1979, a sharp drop in Iranian oil production and a reduction of 1 million barrels a day in Saudi Arabian output was enough to send world oil prices soaring.

Now oil markets are taking the Iraq-Iran conflict in stride, and Iraqi threats to halt Iranian exports by attacking the Kharg Island shipping point with newly acquired French Exocet missiles causes hardly a quiver in prices. Saudi Arabia, with exports running at about 5 million barrels a day, could alone more than make up for any loss of Iranian exports.

Moreover, both U.S. government and oil industry executives believe there is 3 million barrels a day or more of spare production capacity outside the Gulf area in Nigeria, Libya, Indonesia, Mexico and elsewhere. While Libya might or might not choose to raise production, depending on the cause of any disruption in the Gulf area, officials think the other nations would jump at the chance.

Aside from the cushion of unused capacity, the surplus also provides a certain measure of protection against a successful attack on the Gulf's oil facilities. For example, with exports of 5 million barrels a day, there is an enormous amount of redundancy in Saudi oil facilities. Even if half of them were knocked out in a raid, a large quantity of oil could still be moved, an administration official said.

Also, the Iranians must realize that fact, the official added. After all, that is one reason they have been able to continue to use Kharg Island despite Iraqi attacks. More than 5 million barrels a day moved through Kharg Island before the Iranian revolution. Moving 2 million now does not require that the terminal be in perfect shape.

Administration officials are confident, too, that attacks on a few tankers would not discourage shipping to the point that the strait would effectively be closed. They note that marine insurance on hulls and cargos remains available for the war zone in the Gulf today, and that during the height of the Vietnam war it was available for ships heading up the Mekong River to Saigon. Now, as then, the officials think ships and crews would be available.

Both the failure of insurance rates for the Gulf to increase substantially and the lack of any big jump in oil futures contracts or spot market prices testify to the way in which the markets assess the risks in the Gulf.

Finally, from a U.S. point of view, even closing the

(Continued on Following Page)

The core of a nuclear reactor at Dampierre, France.

U.S. Price Deregulation: Waiting for Shakeout in Natural Gas

WASHINGTON — The three-decade long attempt to control the prices of oil and natural gas in the United States is gradually coming to an end.

Price controls on oil disappeared a bit at a time between 1979 and 1981. President Ronald Reagan regularly takes credit for ending them, though the process was nearly completed during the Carter administration.

Similarly, under legislation passed in 1978, price controls for natural gas have been dropped on a substantial portion of current production. If the present law is not changed, a total of about 60 percent of production will be freed of controls at the end of next year.

The end of crude-oil price controls severely hurt many small independent oil refiners in the United States, many of whom had built new refineries specifically to take advantage of the favored treatment accorded them under the price regulations.

Larger oil companies applauded the end of controls, though the abrupt shift from a shortage to an oversupply of oil on world markets has squeezed their profits in the last two years. The refiner acquisition cost of crude, both imported and domestic, has fallen from $34.86 for a 42-gallon barrel in January 1981, when Mr. Reagan removed controls, to $28.97 last September.

Consumers are probably most conscious of the fact that the average price of gasoline has dropped. In October, the average for all types of gasoline sold both in self-service and full-service stations was $1.24 a gallon, compared to $1.27 in January 1981.

The drop in gasoline prices actually has been considerably greater than that since those average prices include all taxes. Federal fuel taxes have gone up 5 cents a gallon since the beginning of 1981 and many states have increased their tax as well.

Meanwhile, as a result of both conservation efforts spurred by the earlier price increases and the deep recession, oil consumption also fell. Only in recent months has it climbed back to its 1981 levels of around 15.5 million barrels a day for this time of year.

Most energy economists believe that the wrenching changes that have hit the oil industry in the last two years would have been exacerbated had controls and some of the related distortions, such as the favoritism for small refiners, still been in effect.

A significant number of the small refiners have either gone bankrupt or shut down parts of their operations. Drilling companies and suppliers of oil-field equipment have gone under in droves. At least three large banks have failed because of bad energy loans, and others have seen their profits cut to the bone.

But through it all, no one could go running to Washington for help since with controls gone there was neither a mechanism nor the will to provide it. The oil industry had been pleading for years to be free of controls. The irony was that they got their freedom precisely at the point the market turned sour.

The political battle over controls in natural gas is still being waged and the final outcome is hard to predict. Divisions within the natural-gas industry and between the industry and consumer groups are so great that it may be impossible for any new gas legislation to pass.

In that case, at the end of next year all controls will be lifted on the price of gas flowing from wells drilling since the beginning of 1977. Controls on the remainder, so-called old gas, will continue until the wells are depleted, though with allowable prices rising regularly in line with inflation.

The Reagan administration has proposed ending those controls as well at the end of 1984 — 30 years after they began. When Congress adjourned for the year last month, the full Senate was considering a version of that legislation but it appeared that no majority could be mustered for any comprehensive bill. A House committee was in the midst of a similar struggle.

Because of the large amounts of money at stake, Congress is being pulled in several different directions at once by different interest groups. But the advantages and disadvantages producers, pipelines, retail distribution companies and consumers would have under the various proposals would not be of long duration. Market realities, not controls, will dominate the natural-gas picture in the United States, according to most analysts.

Those market realities have been driven home in the last two years as plentiful oil supplies and falling prices have cut into industrial demand for natural gas, the price of which until recently was still rising rapidly. Meanwhile, demand from commercial and residential users was also declining as a result of conservation efforts, such as putting more insulation in homes heated with gas.

With demand dropping and prices being paid to producers rising under the current controls, the interstate pipelines found themselves in a terrible bind. The pipelines buy the gas from producers — typically under long-term contracts, many of which were signed when the natural-gas shortage was expected to last indefinitely. The pipelines then sell to local distribution companies, or sometimes directly to very large users, including electric utilities and major industrial plants.

Industrial users began to switch to oil, or were threatening to do so as part of a demand for price cuts. Unfortunately for the pipelines, their contracts with producers left them no way to pass such cuts backward. At the same time, the volume of gas being moved through the lines was down, and that also cut pipeline revenues.

With bankruptcy more than just a possibility for some pipelines, several began making unilateral changes in their contracts with producers. Others tried to negotiate changes, some successfully. Many producers, including Exxon, Texaco and others, went to court to enforce their contracts.

In the midst of all the legal tangle, one fact became abundantly clear: controls or no controls, a commodity cannot be sold above its market price indefinitely.

The producers being hit the hardest were those who had found gas at depths below 15,000 feet and, under the controls, were free to sell it for whatever the market would bear. They did so at prices up to $10 a thousand cubic feet when the average price was between $2 and $3. Now that big price differential for such "deep" gas has largely disappeared.

An analysis by the Congressional Budget Office recently compared two versions of the pending natural-gas legislation — one of which would continue controls on "old" gas and one that ends them — and the current law. Interestingly, it showed that by the latter part of this decade the price of natural gas paid by the local distribution companies would be virtually identical under any of the three approaches.

In fact, some analysts believe that for most consumers, decontrol of natural gas has become almost a moot issue. Average wellhead prices have been rising more than crude-oil prices since 1973, and by some estimates the current average price is little different than it would be in the absence of controls.

In other words, all the controls are doing at this point is favoring some types of producers over others, according to the vintage, depth and other characteristics of their gas. Some pipelines and users are also favored according to which producers happen to supply the interstate pipeline that carries their supply of gas.

As with oil, complete decontrol of natural gas in the United States, should it happen, could turn out to be almost a non-event once all the legal tangles over existing contracts were unsnarled.

— JOHN M. BERRY

SCIENCE

Animals Given a Human Gene

By Harold M. Schmeck Jr.

New York Times Service

NEW YORK — Scientists are setting out to grow breeds of giant mice that are genetically a little bit human. Dozens of such animals have already been born, each carrying transplanted genes for human growth hormone that makes them grow to twice their normal size.

The aim is better understanding of how genes are controlled, but practical applications are already being pursued including the development of faster growing, better quality beef cattle, that might have immense impact on future agriculture. Moreover, issues have already been raised concerning the ethics of doing similar gene transplantations in humans, although specialists put the prospect of doing this many years in the future because of unknowns and technical obstacles.

Some of the new mice are about twice normal size because they carry human genes for the production of growth hormone and have an oversupply of that hormone in their blood. From these animals, scientists hope to breed whole colonies of mice that will pass the human gene to their offspring in the normal course of heredity.

Such mice, called transgenic, provide a tool never before available, to study how individual genes are switched on and off and determine what controls their biological effects on the living body.

Genes are the determinants of all hereditary traits. Within the nucleus of every cell is a complete set of genes embodying the blueprints of heredity from which, in theory, a whole new individual could be grown. But, in each normal cell, only those relatively few genes necessary for the cell's own functions are turned on, and only at the precise time of need. That selectivity and timing makes a muscle cell a muscle cell instead of skin, liver, bone or even cancer.

All the genes that are not needed stay turned off, or "unexpressed," to use the scientific term. The whole pattern of human growth and development from conception to old age, in health and illness, is an orchestration of gene control, governed by the manner and timing in which genes are activated to do the body's work. Today, scientists have only a few clues to the controls and signals that govern this vital process. The puzzle of gene control is one of the most important problems of modern biological research, touching both normal development and disease.

"Gene regulation, over all, is what we are interested in," said Dr. Ralph L. Brinster of the University of Pennsylvania's School of Veterinary Medicine. "If you understood that, I guess you would understand how the genes go wrong in many diseases."

He and his main collaborator, Dr. Richard D. Palmiter of the Howard Hughes Medical Institute at the University of Washington, Seattle, are widely recognized as leaders in research on transgenic mice. Today they will jointly receive an award for their work from the New York Academy of Sciences.

The gene transplantations are done when the mouse embryo is only a single fertilized egg, flushed from the female's reproductive tract and placed on a laboratory glass plate. Watching through a microscope, a scientist carefully pierces it with a hollow tube much thinner than a human hair, then squirts many copies of a specially modified human gene into one of the two cell structures, called pronuclei, that later fuse to become the nucleus of the early embryonic cell.

The egg cell is then put into the reproductive tract of a female, to be born about 20 days later as a mouse, ordinary except that all of its cells contain copies of a human gene.

THE transplantations are successful in a substantial, although quite variable, percentage of attempts. In some of the successes, the transplantations have been stable and have been transmitted in the normal course of heredity to succeeding generations.

The experimenters have no control over where in the animal's genetic apparatus the foreign gene becomes integrated. Sometimes it will lodge in one chromosome, sometimes in another. In the early experiments there was little success in getting the foreign genes "expressed," or activated, so the product for which they provided the blueprint was actually produced.

The most dramatic success was reported just a year ago in a collaboration by Dr. Brinster, Dr. Palmiter and colleagues. They constructed a special genetic message by fusing together a gene for rat growth hormone and a control portion of another gene, called a metallothionein gene, and transplanted this composite package of genetic instructions.

Some of the mice in these experiments grew to twice normal size.

Recently the scientists did the same with human growth hormone, again seeing mice grow dramatically under the influence of the extra foreign gene and the control portion, which is called a promoter.

Comparable experiments have been done by Dr. Thomas Wagner and colleagues at Ohio University, with results that confirmed the experiments of the scientists in Pennsylvania and Washington.

At a recent symposium on gene therapy held by the National Institute of Child Health and Human Development in Bethesda, Maryland, Dr. Wagner said a team led by himself and Dr. Finney Murray of Ohio State University had extended the research to large agricultural animals. The goal is to transplant genes for human growth hormone into cows, sheep and pigs so they will grow more efficiently and more rapidly.

So far the transplants have not succeeded, he said, but Dr. Wagner believes it is only a matter of time before some of these experiments are successful.

Injections of animal growth hormone into food animals will make them grow faster and improve the quality of their meat, but such injections are too expensive and time-consuming to be practical.

Dr. Wagner sees no ethical problems in this use of genetic engineering. Domestic dogs, horses, cattle, sheep and pigs are all artifacts of human ingenuity, he said, so far removed from their original wild progenitors that it is doubtful they could survive without care by humans.

Dr. Brinster is also doing research along similar lines in collaboration with Dr. Harold Hawk of the Department of Agriculture laboratories in Beltsville, Maryland. There are many unknown factors to be resolved concerning the long-term effects on domestic animals, Dr. Brinster said, but any such effects would probably not raise problems in meat production because meat animals are slaughtered early in life.

Human growth hormone is used because it has been much studied and is effective in many species. Dr. Brinster's research is concentrated primarily on the fundamental studies of gene control and gene expression becoming possible through the use of transgenic animals.

In normal animals, including humans, the main site of growth hormone production is the pituitary gland. In the transgenic mice, the hormone is made largely in the liver. In fact, the animal's natural pituitary function seems to be abnormally depressed, probably because the body senses that it has ample growth hormone and needs no more. Production of the hormone in the liver may result because this is where the metallothionein gene normally acts.

From Nature magazine; photo by R.L. Brinster

Clue to Alzheimer's Disease Found

By Lawrence K. Altman

New York Times Service

SAN FRANCISCO — The prion, the smallest infectious agent known, appears to have links to Alzheimer's disease and several other degenerative disorders of the brain.

According to studies reported in a medical journal Tuesday, researchers from the University of California medical schools at San Francisco and San Diego have found that the infectious agent and a chemical previously known to be present in the brains of victims of these diseases appear to be identical.

Indeed, the research indicates that the previously identified substance may in fact be clumps of prions.

The substance previously found in the brains of victims of degenerative disorders such as kuru, Creutzfeldt-Jakob disease and Alzheimer's disease is amyloid, which until now most doctors considered simple waste products. The amount of amyloid present in Alzheimer's disease appears to be roughly correlated with severity of the symptoms.

Dr. Stanley B. Prusiner, who headed the seven-member research team, said in an interview: "It is an astounding finding because we never would have dreamed that amyloid and prions were the same. The implications of the findings may be enormous."

He said the findings could ultimately provide doctors with the key to preventing and treating Alzheimer's disease, the medical term for senility. A principal co-author, Dr. George G. Glenner of the University of California at San Diego, said, however, that he would be more cautious about the implications until further studies were conducted to prove that prions and amyloid were the same.

Alzheimer's disease, which occurs with increasing frequency after about the fifth decade of life, is one of the most common and devastating disorders affecting older people in this country. About 2 million Americans have the disease.

Individual prions are too small to be seen under an electron microscope. A prion is about one one-hundredth the size of the virus that causes polio, for example. However, from experiments in test tubes, the California researchers found that hundreds of prions form clumps, which can be seen as rods through an electron microscope. The rods are about 10 times the size of the virus that causes polio.

Prions themselves have been scientifically controversial because they have characteristics unlike any known microorganism. So far, research shows that prions are composed of only one major protein called PrP, for prion protein. Despite an intensive search for a nucleic acid in the prions, none have been found. What makes prions so peculiar scientifically is that nucleic acid is the basic genetic material of living things. Further, although prions replicate, scientists do not know how they could do it in the absence of nucleic acids.

The research reported in the journal Cell adds further support to the theory that Alzheimer's is a slow virus disease. Slow viruses are so named because the incubation period can be 30 years or longer. It is not known why the disease is particularly threatening to the elderly.

Kuru is one such slow virus disease that has been transmitted experimentally to animals. It is a degenerative brain disorder that was first recognized in New Guinea and traced to cannibalism. Very little has been learned about the workings of the virus once it gets into the body.

DR. PRUSINER said that although the new link suggested an infectious cause, there was no evidence that Alzheimer's disease could spread directly from one person to another.

Although Dr. Prusiner has studied prions methodically for more than a decade, he said a chance observation led to the new findings. It came when the neurologist was scanning a book of electron microscope photographs and saw one that resembled the prion rods. To his surprise, the picture was of amyloid.

Dr. Prusiner said if prions were found to cause Alzheimer's disease, it might be possible to find drugs to slow down the process in which they form or even to prevent it from happening.

CURRENTS

Heart Recovery Chances Clarified

STANFORD, California (AP) — Doctors no longer have to guess about a patient's chances for recovery after a heart attack, according to the results of a 10-year Stanford University research project.

The findings showed that heart-attack patients who return to work quickly have a lower risk of dying within one year than patients who do not, according to Dr. Robert F. DeBusk, director of Stanford's cardiac rehabilitation program. But doctors who fail to tell their patients clearly about their condition after an attack can hinder recovery and drive up the cost of care and rehabilitation, Dr. DeBusk and his colleagues said.

The findings follow the use of new techniques such as exercise testing to distinguish soon after a heart attack between patients with low risk of a second attack and those with high risk, Dr. DeBusk said. "We don't have to give him vague instructions to 'take it easy,'" he explained. "For the first time, we can tell him precisely what his odds are, what his capacities are, and what he can do."

Hormone Test Set for Gehrig's Disease

BOSTON (AP) — A hormone that doctors say may be the first treatment for Lou Gehrig's disease will be tested in a major study at New England Medical Center, the hospital says.

The disease, known formally as amyotrophic lateral sclerosis, attacks the nerves and eventually leads to paralysis and death.

Doctors from the University of Southern California School of Medicine reported last summer that injections of thyrotropin-releasing hormone, or TRH, temporarily reversed the muscle weakness caused by the disease. The latest research, financed by the Muscular Dystrophy Association, will be conducted on 150 patients, including 14 who began receiving TRH injections two months ago.

Cloning Gain May Aid Hemophiliacs

NEW YORK (NYT) — A biotechnology company says it has made a significant advance toward artificially producing a blood substance needed by thousands of hemophiliacs to curb excessive bleeding.

Genetics Institute, a Boston-based company, said research led by Dr. Jay Toole "has successfully cloned" a substance representing the human gene for a protein that is defective or missing from the blood of people suffering from the most common form of hemophilia.

The cloned substance is deoxyribonucleic acid, or DNA, the active substance of the genes of all living things. The protein, is factor VIII, which is defective or missing in people with hemophilia A, a form of the hereditary blood disorder that inhibits natural clotting.

The cloning of a piece of DNA means that it has been obtained in pure form and can be produced in large quantity in bacteria, but Dr. Toole emphasized that large-scale production was probably years away.

Sea-Level Rise Traced to Glaciers

SAN FRANCISCO (UPI) — When scientists learned that the average sea level had risen 6 to 10 inches in the last century, some theorized it was caused by melting polar ice caps. A new study indicates that the source is mountain glaciers.

The findings were reported by the U.S. Geological Survey's Glaciology Project office in Tacoma, Washington, at the fall meeting of the American Geophysical Union, a conference of Earth and planetary scientists in San Francisco.

The polar ice cap theory was cast in doubt when experts concluded theantarctic ice sheet has probably grown a bit in the last century and Greenland's cover hasn't changed much at all. Calculations showed, however, that the melting of glaciers "appears to be just about what is needed to explain the rise."

U.S. Plans to Issue El Niño Warnings

SAN FRANCISCO (AP) — The U.S. government hopes to issue informal warnings to nations threatened with storms and drought caused by the climatic phenomenon known as El Niño.

"We can help," said Celso S. Barrientos, chief of marine environmental assessment for the National Oceanic and Atmospheric Administration. He said the warning system may take at least two years to set up. "It's hard to get going both politically and scientifically," he said during the American Geophysical Union's fall meeting. Last winter's El Niño, labeled the strongest of the century by NOAA, was blamed for about 1,000 deaths and $8 billion worth of devastation arondn the world.

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OIL AND ENERGY

OPEC's 24th Year: Dissension Obscures Founders' Purposes

By Randa Takieddine

PARIS — Started with a spirit of nationalism and solidarity in defense of a common precious resource, the Organization of Petroleum Exporting Countries is dangerously sliding away from its initial purpose.

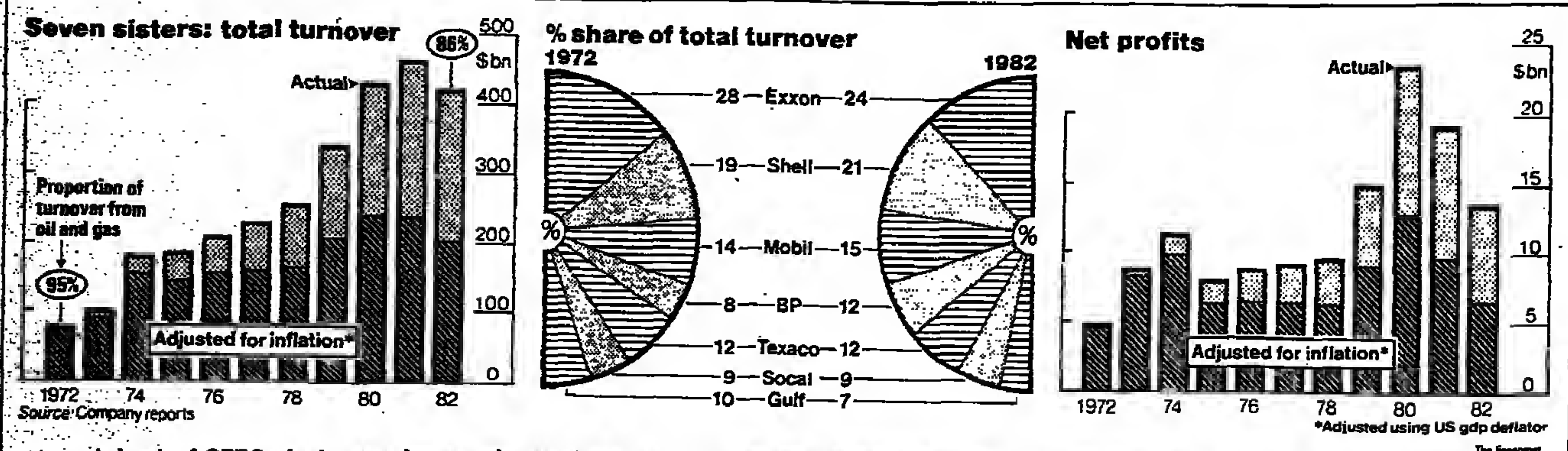
It is degenerating into an organization where competing oil merchants, prisoners of markets they no longer control, highlight the illnesses of their developing world — struggles for power, political tensions and war.

OPEC is entering its 24th year, a year that could be bleaker for the organization than the last two if the 13 members fail to restore discipline to their production policies and to elaborate a short-term and a long-term strategy for their pricing policies and their relations with producers outside OPEC.

In the last two years, there has been a noticeable decline in world demand for OPEC oil. Among the reasons are the recession in the industrialized world, which contributed to a decline in consumption in the OECD countries; the restructuring of Western economies for stricter conservation; the increase in oil production of non-OPEC members, mainly in the North Sea, Mexico, Alaska and the Soviet Union; and, last but not least, the major buildup and subsequent drawdown of inventories between 1982 and 1983. (In the first quarter of 1983, as a result of the significant drop in prices, companies depleted their inventories at a rate of 4 million to 5 million barrels a day, constituting an additional supply that competed with that of OPEC.)

From a production level of 31 million barrels a day in 1979, OPEC's production has dropped to about 17.5 million barrels a day in 1983, and its financial situation has deteriorated considerably. According to OPEC's annual statistics bulletin, OPEC current-account balances underwent a sharp decline, from a surplus of $61.1 billion in 1981 to a $2.51-billion deficit in 1982.

A series of price cuts by Nigeria and by the British National Oil Co. (BNOC) alarmed OPEC members in March 1983, prompting them to try to avoid a collapse of oil prices. After a 10-day marathon meeting in London, they decided to reduce the official price of the marker crude level by $5 to $29 a barrel. They also set an overall production ceiling of 17.5 million barrels a day for the rest of 1983, within which quotas were set for individual countries. After that meeting, the Saudi oil minister, Sheikh Ahmed Zaki Yamani, said: "I have a strong feeling that this will really work out and OPEC will be in the driver's seat, but I cannot rule out the possibility of a price war if the non-OPEC producers invite it."



A decade of OPEC price increases has not only severely affected the economies of importing nations, but also changed the outlook for the Seven Sisters.

OPEC's situation today tends to indicate that the Saudi oil minister was somewhat overoptimistic. As a matter of fact, in September-October of this year, many OPEC members breached their quota levels. OPEC output had risen to about 18.5 million barrels a day, 1 million barrels a day more than the OPEC ceiling. Early in October, OPEC production reached 19 million barrels a day. The main increases in production came from Saudi Arabia, whose output reached nearly 6 million barrels a day, against a quota of 5 million barrels.

Nigeria raised its production to about 200,000 barrels a day above its quota of 1.3 million barrels. Qatar went 100,000 barrels above its share of 300,000 barrels a day. Venezuela is also reported to have produced about 200,000 barrels above its quota of 1.675 million barrels a day.

According to the OPEC Ministerial Market Monitoring Committee, which convened in Vienna on Oct. 27, OPEC production over and above the ceiling has contributed to a third-quarter stock buildup of about 2 million barrels a day. The committee warned of a possible serious situation if present production levels continue. "Even if during the fourth quarter the market could sustain the prices, the situation could deteriorate further later on so that OPEC would face an extremely difficult situation since the defense of prices would be very difficult," it said. "The situation that could develop in the first quarter of 1984 could be as bad as that during the first quarter of 1983."

Unless a political accident occurs in the OPEC area — for example, a serious disruption of oil supplies as a result of the Iranian-Iraqi war — there is likely to be another reduction of $1 to $2 in the marker crude if OPEC's September/October behavior persists. Despite a noticeable drop in the organization's output in November, it still reached about 17.9 million barrels a day.

Price-cutting is still obvious. Spot prices in mid-November dropped; the price for Arabian light, the OPEC reference, was about $1 less than the official price of $29. (Brent blend, the North Sea reference, was at nearly $1.50 less than its official selling rate of $30. The Soviet Union lowered its crude price by 50 cents.)

The market remains weak, demand does not seem to have improved as expected, and price-cutting by OPEC members has not helped to strengthen it.

The OPEC meeting in December promises to be a rough one. Various members will put the blame on those they oppose politically, and some will ask for an upward revision of their quotas. Iran's deputy oil minister, Abbas Honardoust, said recently that the current Iranian quota of 2.4 million barrels a day was too small for a nation of 42 million people fighting a war. The Iranians want the quota raised to 3.2 million barrels.

The Saudis are expected to oppose any revision in the quotas. They would not want to give any of their political foes the possibility of cornering them into lowering their output share. Sheikh Yamani has never accepted interference in what he considers a most sovereign decision: oil production levels.

After a big row, the OPEC meeting in December will probably end with no change in the London March agreement. But cheating, in the form of price-cutting, will go on. Members will overproduce and give price discounts. Even if demand for OPEC oil reaches 18.4 million barrels a day in 1984 — as some analysts at the International Energy Agency have projected — the market will remain weak. If OPEC countries fail to maintain effective production ceilings, they will be faced with an imposed reduction of the marker price by $1 to $2, probably in the middle of the first quarter of 1984.

This scenario is not universally accepted. The Kuwaiti oil minister, for one, sees things differently. Sheikh Ali Khalifa al-Sabah said recently in London: "In the December OPEC meeting, the present quota system will be extended, at least for the first six to nine months of next year. Demand for OPEC oil next year may be about one million barrels more. Much is not going to come during the first quarter or second quarter; it is going to be concentrated mainly in the third and fourth. So during the first six months essentially, the present quota arrangement would or should be continued at the same level with the same allocations. I would be very frightened from the second quarter had OPEC production today been in the neighborhood of 19 million barrels a day. But the fact that member countries are essentially respecting prices has meant that their production has fallen over the last three or four weeks. That makes me much more confident about next year."

Asked about his reaction to the Iranian desire for a quota increase, Sheikh Ali said: "They have to reconcile within themselves that a different quota means that they have to take from somebody, and since nobody would be willing to give to them to reduce his quota, the only way to accommodate a different quota level is if we talk about the different price level. So they have to reconcile within themselves forever whether they want this current price level or a lower or a higher one."

It is unclear whether the OPEC countries can remain in "the driver's seat" on prices without a strategy toward non-OPEC producers, a growing force in the world markets. If BNOC reduces its price, what can OPEC do to stop Nigeria from following suit in a weak market? Moreover, OPEC members will go on cheating as long as there is no marketing strategy through long-term contracts between buyers and sellers. Today, most producers sell to a multitude of buyers instead of through long-term contractual transactions with companies at official prices, which could help stabilize the market.

Market conditions have combined to make this a testing time for OPEC. Whether the organization remains the driving force on world prices will depend largely on how its individual members respond to the present trials.

Gulf Nations Now Realizing Potential of Associated Gas

By Susannah Tarbush

LONDON — A few months ago Hussain Sultan of Dubai had his car converted to run on liquefied petroleum gas (LPG) as well as gasoline, one of about a dozen cars in the area to have been so adapted recently.

Mr. Sultan has a good reason for making the change: as a director of the Dubai Natural Gas Co. (DUGAS) and managing director of Emirates Gas, he is doing all he can to encourage the local use of LPG.

"There is a great future for gas in the domestic market," he believes. In an era of projects to produce more gas in various parts of the world, the international price prospects are not particularly bright. "It is best to use it locally rather than sell it cheaply or flare it," Mr. Sultan said.

Emirates Gas aims to be a pioneer in the Gulf in promoting the use of LPG to fuel vehicles. It will initially concentrate on large fleet operators such as the police or municipal authorities. Mr. Sultan foresees a time when all the Gulf's power stations and industries will be fueled by gas. DUGAS already plays a vital role in firing Dubai Aluminium (DUBAL's) gas turbine driven generators.

DUGAS gathers and processes the gas from the emirate's offshore oil fields, and separates it into residue gas (methane and ethane), LPG (propane and butane) and condensate. Its processing plant is designed to receive up to 125 million cubic feet of gas a day from which it can produce up to 9,000 barrels of propane, 7,000 barrels of butane, 7,000 barrels of condensate and 70 million cubic feet of residue gas. All the residue gas is piped to the DUBAL plant, while the LPG and condensate are exported to Japan. At present about 5 percent of the LPG is used locally.

DUGAS has embarked on a major $100-million expansion program to increase production by 10 to 20 percent. The work, which is due to be completed in early 1984, involves drilling new offshore wells and laying new pipelines.

The DUGAS expansion program is only part of the massive drive launched in the Gulf in the last few years to exploit the gas associated with oil production. Before the 1970s, the gas was largely flared, although in Saudi Arabia in the 1950s the Arabian American Oil Company (Aramco) used some gas as fuel for plants belonging to it and a few local companies, and for reinjection to maintain the pressure in oil fields.

In 1959, Aramco started to develop a gas-gathering system to recover natural gas liquids (NGL), and in 1961 exports of LPG began. But it was the leap in oil prices from 1973 and the Saudi government's decision to go all out for industrialization that prompted the enormous investment in the kingdom's master gas system.

Saudi Arabia's master gas system is often described as the most ambitious energy project ever. It involves 37 gas-oil separation plants, four gas-processing centers at Berri, Abqaiq, Shedgum and Uthmaniyah in the Eastern Province, a gas pipeline running across the Arabian peninsula from Shedgum to Yanbu, and three NGL fractionation plants and export terminals at Juaymah and Ras Tanura on the Gulf and Yanbu on the Red Sea. The system includes more than 2,400 kilometers (1,448 miles) of gas pipeline.

The master gas system can process up to 3.5 billion cubic feet of gas a day to produce 2 billion cubic feet of methane fuel gas, 370 million cubic feet of ethane, more than 315,000 barrels of NGL and 3,700 tons of sulphur as a byproduct.

Gas is used in power plants and industry in the Eastern Province. It drives seven power stations and a steam power plant, producing almost all the province's electricity. It also supplies two huge desalination plants, a glass factory and cement and fertilizer plants.

Associated gas is the essential ingredient in the ambitious petrochemical projects of the Saudi Arabian Basic Industries Corporation (SABIC), located in the new industrial cities of Jubail and Yanbu. Methane is the feedstock in methanol and fertilizer plants, while ethane is the feedstock for processes resulting in a variety of chemicals including ethylene, styrene, ployethylene, ethanol and ethylene glycol. And this is only the beginning. These basic chemical building blocks form the basis of a host of new downstream industries.

Of the remaining constituents of associated gas, propane and butane are refrigerated and condensed for export as LPG, leaving natural gasoline, which is also exported.

Though on a considerably lesser scale than the Saudi master gas system, the other Gulf states have also made large investments in systems to gather and process their associated gas.

These systems have been badly affected by the decrease in volumes of associated gas as a result of the cuts in oil production imposed by the official ceilings of the Organization of Petroleum Exporting Countries. One particularly dramatic consequence was the 24-hour total power failure in Saudi Arabia's Eastern Province in late June, although some sources attributed the failure to technical problems. Saudi Arabia is locked into a certain minimum level of oil production if it is to produce enough associated gas for power generation, petrochemical plants and exports. It has been calculated that when the entire master gas system is in operation, at least 7.54 million barrels a day of oil would have to be produced to ensure enough gas was available for the system to work at full capacity, some sources said. Others said the figure could even be 3 million to 4 million barrels a day. In recent months, oil production has been between 4 million and 5 million barrels a day, and earlier in the year it dropped as low as 3.5 milion barrels a day.

Qatar has also suffered from the drop in gas production. The Qatar Petrochemical Company (QAPCO) depends on associated gas for the ethane feedstock from which it can produce 280,000 tons a year of ethylene and 140,000 tons a year of low-density polyethylene (LDPE). The plant has operated at well below capacity in the last two years, and it has suspended plans for a 70,000-ton-a-year high-density polyethylene (HDPE) unit.

Qatar's other major petrochemical industry, the Qatar Fertilizer Company (QAFCO), which produces ammonia and urea from methane, is less affected by the drop in output of associated gas since it can draw on nonassociated gas from the Khuff formation at Dukhan. But this source could run out within five years. With associated-gas activities vulnerable to decreases in oil production — as was shown all too clearly in the last two years — Gulf governments are anxious to exploit to the full their reserves of nonassociated gas. Qatar is extraordinarily well endowed with nonassociated gas. Its offshore North Field is said to contain at least 110,000 trillion to 120,000 trillion cubic feet, and possibly as much as 300 trillion cubic feet, making it one of the world's biggest known accumulations of gas.

But plans to exploit the gas have been held up by uncertainties over the technicalities and by worries over marketing, given developments such as the Soviet gas pipeline to Western Europe and major new LNG projects elsewhere.

On June 20, Qatar General Petroleum Corporation (QGPC) signed a memorandum of understanding with British Petroleum and Compagnie Française des Pétroles (CFP-Total). The two companies have each been offered a 7.5-percent equity interest and will provide technical assistance in an LNG project based at Umm Said. It is said that the location of the plant there, rather than in a more northerly location, will reduce the total cost of the project, which has been put as high as $6 billion.

The question of regional gas supplies has been one of the priorities of the Gulf Cooperation Council, which was formed in 1981 by Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Bahrain and Oman. The GCC summit in Doha in November gave approval for detailed studies on a proposed Gulf gas grid to provide countries short of gas with supplies from areas with a surplus.

The plan for the grid envisages one pipeline from Qatar's North Field to Saudi Arabia and Kuwait, and another from the United Arab Emirates. It is still not clear how the pipeline proposals would be incorporated into the overall development of Qatar's North Field.

The U.A.E. is witnessing particularly intense activity in the tapping of gas sources. In Abu Dhabi, the Abu Dhabi National Oil Company (ADNOC) project to recover about 450 million cubic feet of nonassociated gas from the Thamama C reservoir is due to start up in April. A gas treatment plant has been built at Bab, and its output will go to local industrial, power and desalination plants.

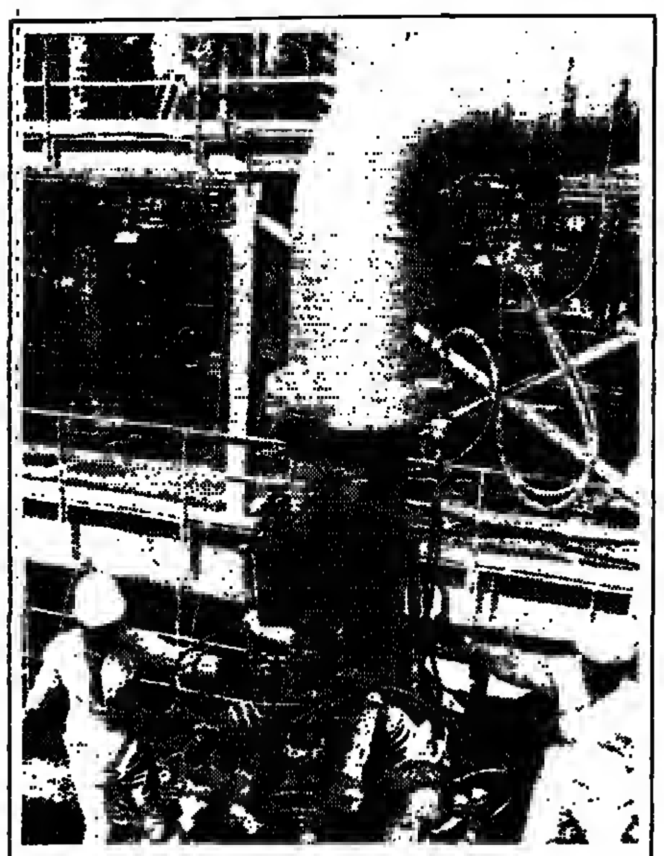
Earlier this year a $500-million syndicated loan was raised for the Abu Dhabi Gas Liquefaction Company (ADGAS), which has the Gulf's only LNG plant, on Das Island. The loan, which was seen as a sign of confidence in the emirate's long-term gas prospects, is going toward the building of seven storage tanks, three for LNG and four for LPG.

ADGAS receives offshore associated gas from the Umm Shaif and Zakum fields and nonassociated gas from the Uweinat field. In an effort to free itself from the vagaries of oil-production volumes, ADNOC is proceeding with plans to develop deep nonassociated gas reserves in the Khuff formation of the Umm Shaif field. Gas would initially be produced at a rate of 250 million cubic feet a day and would be processed at the Das Island LNG plant. The project was expected to be completed in 1984, but it is reported to have been delayed to 1985.

Elsewhere in the U.A.E., construction has started on the Emirates General Petroleum Corporation (EGPC) project for a 250-kilometer (155-mile) gas pipeline system to link Sharjah's onshore Sajaa field to the northern emirates of Ras al-Khaimah, Fujairah, Umm al-Qwain and Ajman. The gas will be used for power stations and industry, mainly cement, and work is expected to finish in mid-1984.

With Sharjah planning to increase production of condensate from about 35,000 barrels a day to perhaps 60,000 barrels a day over the next year, it desperately needs to utilize the associated gas that is currently being flared at a rate of 250 million to 300 million cubic feet a day.

OIL AND ENERGY



Oil has fueled industrial development of the Gulf nations. Industry analysts now wonder whether the conservation measures forced on Western customers of OPEC by higher prices will have permanent effects. Above and below, Saudi Arabians at work in Aramco installations.

Nuclear Energy Continues To Expand Despite Opposition

(Continued From Preceding Page)

of Saudi Arabia's peak oil production.

Even in the United States, where new orders long since ceased, another 40,000 megawatts will probably be finished. U.S. nuclear output, too, will roughly double by 1990, replacing still 1.3 million barrels a day of oil and gas-fired power stations and further cutting U.S. oil imports.

The economic impetus for nuclear power — outside of the United States — has proved to be compellingly clear, attributed in large measure to OPEC.

Nuclear electricity currently is the cheapest energy source available except in those few, fortunate areas where there still remain undeveloped hydroelectric sites. Moreover, for the industrial states like the Soviet Union, Japan, France or Britain, it is "home-grown" energy, produced entirely from domestically manufactured equipment and, therefore, no drain on the balance of payments. Smaller countries, like Belgium, Spain and Italy, can produce reactor vessels and equipment covering most of their requirements.

The allure is also strategic — nuclear energy is safe from interdiction. Only the raw uranium must be imported, which is a minute fraction of total costs. Stockpiling a five-year supply of uranium adds only 1 percent to the total cost of the power station, and most countries now routinely maintain such a margin.

The cost advantage of nuclear power — outside the United States — was consolidated only by higher oil prices. In 1970, nuclear energy and oil-based electricity were very close in cost. In Britain, the first, relatively costly Magnox reactors needed protective tariffs on fuel oil.

Today, after a tenfold rise in oil prices, surveys show nuclear electricity costs to be below three cents a kilowatt-hour, which is almost two-thirds less than oil or gas. Nuclear plant costs had since escalated, due to inflation and more comprehensive regulation. But real oil and coal costs rose even faster, leaving nuclear power with a clear edge, as confirmed by detailed comparisons of actual plants by Ontario Hydro in Canada, Commonwealth Edison in the United States, and Electricité de France (EDF).

The edge in Europe is especially large. European coal is dishearteningly expensive. The EC secretariat reported costs at more than $80 to $90 a ton at the minehead, in spite of subsidies, which can exceed another $15 to $25 a ton. Thus, nuclear electricity in Europe costs at least 30 to 40 percent less than coal.

The striking exception *is the* United States, where nuclear and coal electricity are closely competitive. U.S. coal is cheap ($10 to $35 a ton), and fully automated unit trains with capacities of 10,000 tons each have cut transport costs, making coal cheaper in some areas, albeit rarely by more than 10 percent. Hence, the United States alone has the luxury of an economic choice — coal and nuclear electricity are both comparatively cheap and both are domestic.

It is, however, the Soviet bloc that now emphasizes nuclear power most strongly. It envisages nuclear energy as the key to itslonger-term plans for domestic energy, especially as a device for ensuring future exports of oil and gas for hard currency. At the end of last year, the bloc had 22 gigawatts installed, which will double to 46 by 1985 and at least triple to between 60 and 80 by 1990, of which a quarter would be in the satellite states. A gigawatt is the equivalent of 1 billion watts.

Soviet technology is competely indigenous, although buttressed by the Czechs with deliveries of heavy components from the Skoda works and uranium ore. By emphasizing nuclear plants, unfettered by domestic opposition and facilitated by fewer safety constraints, the Soviet Union has freed the equivalent of 500,000 barrels a day worth of oil and gas for export, and their nuclear schedule is crucial to future exports.

The East bloc's nuclear future is even more comprehensive than France's. The Soviet Union has been operating a commercial-scale, 600-megawatt fast-breeder reactor since 1980 and they are extending nuclear power to household heating. Specialized nuclear plants for district heating systems are under construction in Gorky, Voronezh and Odessa, following a model pioneered and then abandoned by the Swedes in the early 1960s.

B.A. Semenov, deputy director general of the IAEA, highlighted the strategic significance of nuclear power for the Soviet Union by noting that coal already comprised 40 percent of Soviet rail traffic and that the newer coal deposits are all far to the east of the Urals, even more remote from demand centers.

The vigorous penetration of nuclear power outside the Soviet Union was achieved in the face of militant, if narrowly based, opposition. It varies from bumper stickers, such as "Atomic Power — No *Thank You," to assaults* upon construction sites, such as the German-led demonstration against France's breeder reactor at Creys-Malville. In France, only 2 or 3 planned reactors succumbed. At Plogoff in Brittany, indigenous fishermen and local retirees successfully blocked a large station because — quite literally — the locals feared not nuclear power but the noisy inundation of several thousand construction workers.

France's nuclear program will reach almost technical saturation by 1990. More than 70 percent of total electricity will be nuclear and future increases depend upon the success of EDF and CEA, the atomic energy commissariat, in converting oil uses in industry to new electric technologies. Elsewhere in Europe, Finland, Bulgaria, Sweden, Switzerland and Belgium already produce one-fourth or more of their electricity with nuclear plants, which will increase still more by 1990.

Ostensibly, Sweden did pass a moratorium on nuclear power. But behind the well-publicized facade of that moratorium, Sweden's nuclear program continues unabated. The referendum was a moral victory for the white-collar nuclear *opponents, limiting construction* to 12 plants — the number that had been planned in any case. It also stipulated dismantling of the plants between the years 2010 and 2030, a constraint that allows ample time for assessing new energy options — or reassessing the nuclear freeze.

Austria and Denmark are the notable exceptions. Denmark is relying upon coal, while Austria, after a narrow vote of 50.2 to 49.8 percent in *1979*, mothballed a completed 660-megawatt reactor — a "full-sized nuclear museum," in the words of Walter Fremuth, director of Austria's electric holding company, the Verbundgesellschaft. This was a defeat for Bruno Kreisky, who was then chancellor, and only incidentally for nuclear power in Austria, because the otherwise "pro-nuclear" opposition party voted against the plant when Mr. Kreisky inopportunely construed the referendum as a personal vote of confidence.

Losers on the nuclear scene are most of the lesser developed countries. "Their competitive disadvantage can only worsen," said Domingo L. Siazon, candidate of the Club of 77 (the grouping of the lesser developed countries) for director general of the IAEA.

Industrial countries can avail themselves of cheap nuclear electricity but financial obstacles and the lack of suitable small reactors force most LDCs to stick with costly oil power. Only South Korea and Taiwan have succeeded in major commitments to nuclear power; for the others the competitive gap in power costs must widen further.

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SIX LEADING OIL CONSUMING NATIONS

(Millions of Barrels per Day)

	1973	1979	1982	Percent Change 1979 - 1982
United States	17.3	18.5	15.2	—18%
Japan	5.0	5.2	4.2	—19%
France	2.2	2.1	1.6	—24%
Germany	2.7	2.7	2.0	—26%
Italy	1.5	1.6	1.6	0%
Britain	2.0	1.7	1.3	—24%

Source: Cambridge Energy Research Associates

Despite War, U.S. Discounts Threats to Block Gulf Shipping

(Continued From Preceding Page)

strait for an extended period would not be pleasant, but hardly the disaster it would have been a few years ago. For one thing, the United States now has more than 370 million barrels of oil stored in its Strategic Petroleum Reserve.

If the strait were somehow closed but Saudi oil fields remained still in operation, at least 1½ and perhaps 2 million barrels of oil a day could be moved from the kingdom's Eastern Province on the Gulf through a nearly idle pipeline to Yanbu on the Red Sea. That would leave a reduction in world supplies of about 7½ million to 8 million barrels a day, about 2½ million to 3 million of which could be offset by higher production outside the Gulf area.

The net loss of oil to be shared around the world would, therefore, be no more than 4½ million to 5½ million barrels, according to this analysis. Under the International Energy Agency's sharing agreements, the United States would have to absorb about one-fourth of this loss, even though in the first eight months of this year only 300,000 barrels a day, or 2 percent of total U.S. oil supply, came from the Gulf.

Thus, the United States might have to cope with a reduction in oil supplies of between 1.1 million and 1.8 million barrels a day, depending upon whether the Saudis could use that pipeline and the increase in production elsewhere.

Currently the United States is adding oil to the Strategic Petroleum Reserve at a rate of close to 200,000 barrels a day. Simply not putting that oil into storage would leave a reduction in supplies of between 900,000 and 1.6 million barrels a day. Assuming no conservation response whatsoever, the *SPR* oil could cover that shortfall for between 8 and 14 months.

"Our SPR is getting to the point that it will dominate the security question," a Reagan administration official said.

But there probably would be a conservation response because no one believes oil prices would not soar if the strait were closed and it looked as if they would be shut for a long period of time.

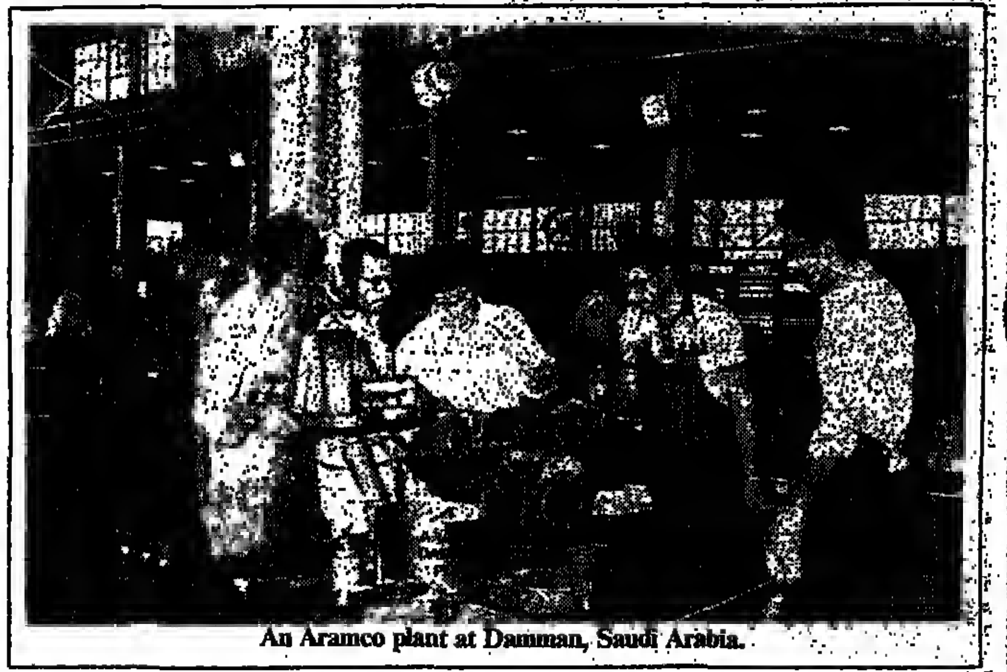
Martin Feldstein, chairman of the Council of Economic Advisers, said an expectation that the waterway would be closed for a long time would probably cause oil prices to double. Some other officials doubt the impact would be quite that large, though still big.

"There would have to be some price run-up, but it would depend on the situation and what governments said they would do about it," the major oil company executive quoted earlier said. "To make spot prices double, the sense of crisis would have to be very severe."

Industry executives remain troubled, however, about the Reagan administration's announced intention to rely strictly on market forces to allocate available supplies during any disruption. A National Petroleum Council group headed by the chairman of Exxon, C.C. Garvin, recommended recently that President Reagan seek standby allocation authority that could be used if needed.

The companies want no part of price controls again, but they fear they would again be blamed for any shortages, as they were in 1974 and 1979, and would like to have the government behind any pro-rata sharing of supplies.

However, the administration maintains that it would not seek to allocate supplies. "Relying on the market means that we would not direct who will get what and how much they will pay for it," one official said. Of course, the administration could influence that market heavily according to how and on what basis it made the SPR oil available, he added.



An Aramco plant at Dammam, Saudi Arabia.

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Herald International Tribune

BUSINESS/FINANCE

THURSDAY, DECEMBER 8, 1983

WALL STREET WATCH

By EDWARD ROHRBACH

Financial Digest Charts Correlation Between Risk and Reward in Market

There's bang for your buck in the stock market. Too much, probably, for widows and orphans because where there is reward there also is risk.

In the latest Hulbert Financial Digest, which tracks the performance of the top market advisory letters, Mark Hulbert, the editor, makes that point in discussing what everybody asks him: "Who is the best investment adviser?"

"The fundamental flaw with this question is that it glosses over the relationship between risk and profit," he says. "As a general rule, those investment strategies which carry the highest potential also carry the largest amount of risk."

There are long shots like the Irish Sweepstakes, he notes, but "a far more intelligent approach is to search for strategies which, for a given level of risk, have realized the greatest profit."

> "Riskiness is, in itself, no crime, but you have every right to expect greater rates of return for incurring greater risks."

Mr. Hulbert then, of course, passes the buck by stating it is up to the individual investor to decide how much risk he or she is willing to incur.

However, he provides a table listing 43 different portfolios tracked the last two years that are ranked according to volatility, which is measured by the swings of their monthly gains or losses. "The more volatile a portfolio's performance," he explains, "other things being equal, the riskier the portfolio."

Also figured in the table is the average monthly stock market performance for each of these portfolios.

What is clear from the table is that many portfolios are very risky yet have achieved only small gains, or have even lost money. "In other words," Mr. Hulbert says, "the newsletters vary widely in their ability to exploit risk."

Ranked first in the "tame" table is Kinsman's Low-Risk Advisory Letter. This portfolio's month-to-month gains, on average, have varied above or below its monthly mean by only 1.34 percent. There are 16 other portfolios on the list with higher volatilities than Kinsman but with lower rates of return than its average monthly gain of 1.13.

Growth Stock Outlook is the first market advisory letter in the table to significantly outperform Kinsman, with a monthly mean gain of 2.2 percent. But it is ranked 12th, at three times the "risk" for Kinsman.

Biggest Monthly Gainer

Biggest average monthly gainer among the 43 portfolios, with 3.29 percent, is Professional Investor's AMEX Stocks, against a volatility reading of 5.37 percent. At No. 25 on the list, there are 18 portfolios that according to the study have incurred greater risk in the two years yet earned lower profits for investors.

Ranked second as a performer with a monthly mean of plus 3.06 percent is Value Line's OTC Special Situations Survey, but its volatility factor is rated 9.18 percent, No. 39 on the list.

Among the better-known market letters, the Professional Tape Reader stands No. 24 (5.26 percent), with a 1.76 average gain a month, and Zweig Forecast ranks 31st in "risk" while achieving a monthly mean gain of 2.97 percent. The Granville Market Letter is one notch ahead on the volatility scale, but has lost 2.27 percent a month on average.

"Riskiness is, in itself, no crime," Mr. Hulbert concludes, "but you have every right to expect greater rates of return for incurring greater risks."

For the year to date, Value Line's Special Situations Survey ranks first among market letter portfolios, up 39.5 percent. The next top half dozen are Growth Stock Outlook's Supervised Portfolio (38 percent), Green's Commodity Market Comments (32.2 percent), Dessauer's Journal International Portfolio (30 percent), Cabot Market Letter's Model Portfolio (29 percent) and Zweig Forecast (24.9 percent).

Over the past year, the Wilshire 5000 Index has gained an even 24 percent.

Wall Street is "tense" and U.S. stocks will only walk "crab-like" in 1984, predicts Mayri Voûte, managing director of Capital Management International, Paris, which specializes in individual accounts.

While not bearish on Wall Street, she said "it just looks less exciting for next year, compared with European stock markets."

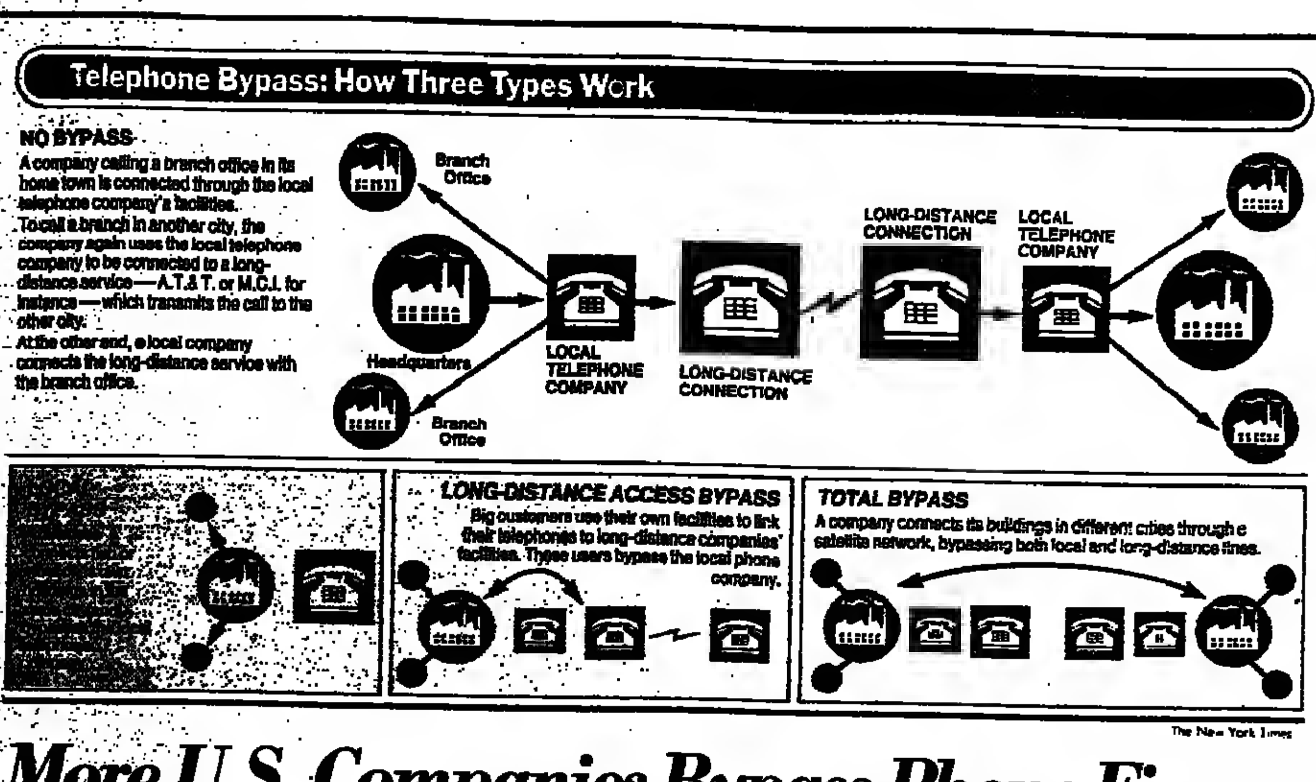
Profit estimates for 1984 by analysts have been set too high, she said, creating the situation where actual American corporate earnings will probably disappoint the market, leading to more of the "disagreeable surprises that this year hammered stocks", such as Warner Communications, Digital Equipment, MCI Communications, Osborne, and Apollo Compnter.

"What analysts are forgetting is that it's easier for companies to show big profit comparisons in a recovery year like 1983 than in the growth year 1984 promises to be."

Miss Voûte added that about the only place to find real investment opportunities will be in picking stocks of "companies outside the cycle and out of the limelight — then hoping the market will recognize them."

Among the few issues she has been buying to lately are Conwood, Carnation, Pulte Home and E-Systems. On hold are Heileman Brewing and Esmark.

International Herald Tribune



The New York Times

More U.S. Companies Bypass Phone Firms

By Andrew Pollack

New York Times Service

NEW YORK — Westinghouse Electric Corp. has a microwave radio system that permits telephoning among its 22 buildings in or around Pittsburgh without using the local phone company's lines. This deprives Bell of Pennsylvania of $500,000 to $1 million a year in transmission revenue and even more in equipment rentals.

Westinghouse is only one of the many big U.S. companies finding more ways to get along without the telephone company. Increasingly, businesses are exploiting new technology to make their calls or transmit data, both locally and over long distance, without using local phone lines. And as they reduce their reliance on the telephone network, rates for other telephone users may have to rise, to make up for the lost revenue.

Exactly how fast this phenomenon — known as bypass — will unfold is hotly debated. Some say the trend is overblown. But others say that with the breaking up of the Bell System Jan. 1, bypass will accelerate.

A typical long-distance call costs the caller 40 cents a minute, with about 15 cents going to the local phone company in payment for access to long-distance lines. If businesses can bypass the local phone company, they can save that 15 cents, minus the cost of an alternative access system. For the high-volume user, the per-call cost of an alternative can be kept quite low.

Though exact figures are in dispute, almost everyone concedes that 15 cents a minute is much higher than what it actually costs to provide access to the long-distance net. The difference — whether labeled a "subsidy" or something else — reduces what the company has to charge for local service.

In effect, bypass is another step in dismantling the Bell System's protected monopoly. Competition has entered the sale of equipment and the provision of long-distance service. It is spreading to local calling, the phone companies' last remaining monopoly:

- Boeing Corp. uses microwave radio to connect various facilities in the Seattle area. That practice costs the local telephone company $2 million a year in lost revenue, according to a Federal Communications Commission report.
- In New York City, banks and other big companies already use cable television lines, instead of New York Telephone Co., to send data between buildings. The Port Authority of New York and New Jersey and Merrill Lynch & Co. plan fiber-optic cables to connect buildings to the Teleport, a satellite-communications facility being built on the borough of Staten Island. Olympia & York, the city's second-largest commercial landlord, said it planned to build a communications network for its tenants' use.

For all this activity, bypass has scarcely made a dent in the telephone companies' vast revenues. But most analysts say the intensive use of telephoning by business creates great potential for drawing off the phone companies' most lucrative business.

At the extreme, 0.3 percent of New York Telephone's customers generate more than one-third of its revenue, federal regulators found, and all those customers are in Manhattan.

"Bypass" has become a politically charged term with different and confusing meanings.

The amount of money lost to the telephone

(Continued on Page 15, Col. 3)

OPEC Reported To Maintain Prices, Output

By Bob Hagerty

International Herald Tribune

GENEVA — All 13 OPEC members have agreed to keep their production quotas and prices unchanged, Subroto, the Indonesian oil minister, said Wednesday.

The minister reported the agreement after OPEC delegates completed a day of talks. The ministers said they will resume discussions Thursday morning. Among issues still outstanding is the election of a new secretary general.

As the Organization of Petroleum Exporting Countries began its regular winter meeting, the Saudis and other members seemed intent upon convincing oil buyers that the exporter group can resist pressure for further price cuts. OPEC's current benchmark price is $29 a barrel.

Sheikh Ahmed Zaki Yamani, the Saudi oil minister, said OPEC should freeze prices at least through the end of 1985 and probably beyond. "I assure you that it will be like this," he told reporters before the meeting, "because we will never in Saudi Arabia increase our prices," even if a majority of OPEC's 13 members were to vote for such a step.

At the same time, the Saudi minister predicted that OPEC will be able to avoid a price cut. A sharp decline in prices this autumn on the spot market, which deals in crude oil not subject to term contracts, has increased speculation that OPEC's prices will fall again. Last March, weak demand forced the group to cut prices about 15 percent.

In comments before the session, Sheikh Yamani noted numerous forecasts that oil demand will rise modestly in 1984 after falling for the past four years. He said some forecasters expect demand in non-communist countries to rise as much as two million barrels a day from this year's level of about 44.5 million. Most forecasters, however, have predicted smaller increases.

Not all the rising demand would go to OPEC members. Even so, Sheikh Yamani said that the group probably will have to increase its self-imposed production ceiling in next year's second half from the current level of 17.5 million barrels a day.

Sheikh Yamani, as well as other ministers, acknowledged that the effort to hold prices up will not be easy. If a mild winter depresses demand for heating oil, he said, there will be a surplus of crude.

Another danger is that Britain, which is not a member of OPEC, will succumb to market pressure for lower prices. A cut by Britain would put severe pressure on Nigeria, whose crude competes directly with that produced by Britain and Norway in the North Sea. Last February, a price cut by Britain prompted Nigeria to break ranks with its fellow OPEC members and slash prices on its own.

Speculation about a possible British oil-price cut helped pull the pound to a record low of $1.4420 Wednesday from $1.4495 Tuesday in London.

Sheikh Yamani said a British price cut would create a "serious problem" but that OPEC would stick to its output and pricing policies.

Iran, long Saudi Arabia's chief rival within OPEC, is advocating an increase in prices on the ground that last spring's cut did not revive demand. But the Saudis, who argue that a price increase would shrink demand further, seem well-positioned to resist Iran's proposal.

Sheikh Yamani said Saudi Arabia's oil storage tanks are full. That is why the country has stored crude in about a dozen tankers offshore, he said. This crude will be used to fill a gap when two Saudi oilfields close for maintenance early next year, the minister said.

NYSE Gain Bolstered By Airlines

United Press International

NEW YORK — Prices on the New York Stock Exchange, bolstered by strong airline issues, pushed sharply higher late Wednesday afternoon in heavy trading.

The Dow Jones industrial average, which slipped 1.22 Tuesday, was ahead 5.99 to 1,275.30 an hour before the close. The Dow Jones transportation average, which includes airlines, was ahead 8.69 to 611.26. The Dow utility average was unchanged at 133.96.

Advances led declines 8 to 7. The five-hour turnover amounted to about 86.8 million shares, up from the 73.2 million traded during the corresponding period Tuesday.

Prices were mixed in moderate trading of American Stock Exchange issues.

Analysts said the brisk trading reflected year-end portfolio adjustment, which sometimes makes it difficult to determine a trend. Large block trading indicated institutions were busy, experts said.

"Generally, this is a nervous and quiet market," said Brian Abdoo of Paine Webber. "It is a trader's market. We think that industry groups have become fully valued for the most part on a risk-adjusted basis and that this is a stock-picker's market."

Airline issues moved into the spotlight following reports traffic in November increased by about 8 percent despite higher fares. Published reports said some analysts are recommending the stocks.

American Telephone & Telegraph when-issued was active with a block of 2,420,000 shares at 19¾. AT&T "old" stock made the list following a block of 2,420,000 shares at 64⅜.

Diamond Shamrock, which plunged 4½ the previous two sessions, was active and lower. Ohio Standard, a 3⅜ loser the past two sessions, was higher. Tests in their Mukluk field venture in Alaska were negative.

Among the airlines, AMR Corp., Delta, Northwest, UAL Inc., USAir, Piedmont, Southwest, Trans World and TWA were higher most of the day. Pan American World Airways was active.

Current Account Of U.K. in Black

The Associated Press

LONDON — Britain had a current account surplus of £603 million ($900 million) in the third quarter, the government reported Wednesday. That compared with a current account deficit of £171 million in the second quarter and a surplus of £1.3 billion in 1982's third quarter. The current account includes both merchandise trade and transactions in services.

The trade deficit totaled £295 million in the third quarter, compared with a deficit of £669 million in the second quarter and a trade surplus of £567 million in the third quarter of 1982.

For the first three quarters of 1983, Britain had a trade deficit of £1.1 billion and a current account surplus of £1.2 billion. During the like period of 1982, it had a trade surplus of £904 million and a current account surplus of £3.1 billion.

White House Gets 10-Day Suspension Of a Textile Complaint Against China

By Stuart Auerbach

Washington Post Service

WASHINGTON — The Reagan administration won a 10-day delay in a precedent-setting trade complaint brought by the U.S. textile industry against China, Commerce Department sources said Wednesday. The delay will allow the administration to seek a formula that satisfies domestic apparel makers without harming relations with Beijing.

The decision on whether China illegally subsidizes its textile exports to the United States — which could have led the United States to impose penalty duties — was due by law on Tuesday night and had been scheduled to be announced on Wednesday.

But heavy lobbying by Commerce Secretary Malcolm Baldrige persuaded the domestic industry to withdraw its complaint temporarily. In return, it was promised a decision within 48 hours if it files the case again in 10 days.

Industry sources, insisting that they had received no assurances from Mr. Baldrige of a favorable decision, said they would file their complaint again if the government failed to reach a solution acceptable to them.

The case has widespread foreign policy and trade law implications. It is the first time the U.S. government has been forced to face the problem of determining whether illegal subsidies exist in a non-market economy such as China's, in which the state plays such a major role and prices bear no relation to production costs.

The complaint was made a major issue of United States-Chinese relations by the Beijing government. Although it refused to take part in hearings on the complaint, Beijing warned that its entire trade relationship with the United States would be jeopardized if the case went against it.

China stopped buying U.S. agricultural products during long and contentious negotiations earlier this year on textile quotas for the United States, causing U.S. farmers to complain to the White House that they had lost more than $600 million in sales.

Beijing suspended the boycott in September, but said this month that it would not meet its commitments for wheat purchases this year.

That move was viewed by some trade observers as an attempt to put pressure on the Reagan administration not to impose tariffs on their textile sales.

Poll Says U.S. Purchasers See Further '84 Upturn

Reuters

NEW YORK — A wide majority of U.S. purchasing managers believe the economy will be stronger in 1984 than in 1983, according to a poll released Wednesday by the National Association of Purchasing Management.

Of those polled, 86 percent predicted that economic activity would improve in 1984, the association said, adding that the response was the most positive since it first posed that question 26 years ago.

Summer Earnings, Executive Talents Attract Bid for Dr Pepper

By Leonard Sloane

New York Times Service

NEW YORK — DPCC Acquisition Corp., led by Castle & Cooke Inc., the Honolulu-based food, real estate and manufacturing conglomerate, wants Dr Pepper for its summer earnings and management expertise in the soft-drink industry, company officials and securities analysts said.

DPCC, which stands for Dr Pepper and Castle & Cooke, made its bid for the Dallas-based company Monday even though Dr Pepper had signed a "definitive" takeover agreement for less money the day before. In addition, Dr Pepper's earnings have dropped in the past year as it slipped from third to fourth place nationally behind Seven-Up, Pepsi and Coca-Cola.

Dr Pepper said Tuesday that it would examine the DPCC offer despite its leveraged buyout agreement with a group led by the Wall Street firm of Forstmann Little & Co.

"Virtually every definitive agreement has certain outs that, if another proposal is better for the shareholders, you can go ahead and study that offer and the first offer becomes null and void," said L. Dan Thompson, Dr Pepper's treasurer.

DPCC's bid for Dr Pepper Co. amounted to $560 million, or about $24 a share. DPCC said Tuesday that it had obtained virtually all the financing for the transaction from six unidentified banks. The offer expires next Monday.

The Forstmann Little agreement is for $512.5 million, or $22 a share.

DPCC, recently created by Castle & Cooke and others for this acquisition effort, also stated that Drexel Burnham Lambert, the securities firm, was one of the investors in the venture. Castle & Cooke, which declined to identify any of the other participants, said that it would own 40 percent of Dr Pepper if the offer was approved.

Forstmann Little, however, attacked the "highly conditional and incomplete nature" of the DPCC plan. Theodore J. Forstmann, a general partner, cited "the uncertain nature of virtually every element in their financing scheme."

If DPCC is successful in acquiring Dr Pepper, its bid could be even more costly because of a provision in the Forstmann Little agreement. That contract gives the investment firm the option to buy 4.15 million shares of Dr Pepper at $22 a share under certain conditions.

Thus if Forstmann Little were to exercise its option and then resell the stock to DPCC for $24 a share, it would make a profit of $2 a share, or $8.3 million. Thompson said that he had not been informed if Forstmann Little wished to buy this stock under its option and Forstmann was not available to expand on his prepared statement.

Sam Schneider, a spokesman for Castle & Cooke at its Honolulu headquarters, said that his organization was interested in Dr Pepper for the same reason that it had been interested in the A&W root beer business, which "was acquired through a similar type of arrangement in August."

According to Mr. Schneider, Castle & Cooke believes that Dr Pepper would help to provide "a steady flow of year-round earnings, particularly in the summertime when our earnings have tended to be weakest."

An official of Drexel Burnham, who requested anonymity, asserted that Ian R. Wilson, Dr Pepper's president and a former senior official of Coca-Cola Co., "is widely recognized as one of the most knowledgeable people in the beverage business." The official added, "We believe he can make Dr Pepper a very exciting thing for us to be owners in."

For the first nine months of 1983, Dr Pepper profit fell 15 percent to $14 million on a 7.9 percent revenue increase to $423.5 million. A year earlier, the company earned $16.5 million on sales of $392.4 million.

CURRENCY RATES

Interbank exchange rates for Dec. 7, excluding bank service charges

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	D.K.
Amsterdam	3.062	4.429	111.97 *	36.85 *	0.1849	—	5.524 *	140.12 *	30.80 *
Brussels(a)	55.43	80.2475	20.2753	6.6763	3.3465 *	18.1055	—	25.3775	5.593
Frankfurt	2.7375	3.963	—	32.95 *	1.451 x	89.33 *	4.932 *	125.09 *	27.59 *
London (b)	1.442	—	3.9466	12.9621	2,386.30	4.4142	79.85	3.1547	14.2984
Milan	1,656.75	2,398.80	606.14	199.48	—	541.35	29.867	758.95	167.26
New York	—	1.4413	0.3665	N.A.	0.0606 *	0.3272	0.0181	0.459	0.1009
Paris	8.305	12.026	303.62 *	—	5.012 x	271.27 *	14.981 *	380.07 *	83.84 *
Zurich	2.1893	3.1701	79.86 *	26.355 *	0.132	71.41 *	3.9489 *	—	22.075 *
1 ECU	0.8277	0.5716	2.2634	6.873	1,371.65	2.5343	45.8858	1.8008	8.2022
1 SDR	1.04526	0.722413	2.8585	8.6809	1,731.73	3.2006	57.9544	2.2833	10.3585

Dollar Values

$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$
0.905	Australian $	1.105	0.0102	Israeli shekel	98.125	0.4684	Singapore $	2.1305
0.0519	Austrian schilling	19.275	0.0043	Japanese yen	234.05	0.8255	S. African rand	1.2114
0.0178	Belgian fin. franc	56.15	3.4776	Kuwaiti dinar	0.2926	0.0013	S. Korean won	799.40
0.8035	Canadian $	1.2445	0.4267	Malay. ringgit	2.3433	0.0064	Span. peseta	157.35
0.1008	Danish krone	9.9175	0.1312	Norw. krone	7.6205	0.1249	Swed. krona	8.0085
0.1716	Finnish mark	5.827	0.0712	Phil. peso	14.0535	0.0249	Taiwan $	40.18
0.0109	Greek drachma	98.15	0.0077	Port. escudo	130.478	0.0435	Thai baht	22.975
0.1279	Hong Kong $	7.8175	0.2873	Saudi riyal	3.4808	0.2722	U.A.E. dirham	3.673
1.138	Irish £	0.8787						

£ Sterling: 1.2677 Irish £

(a) Commercial franc (b) Amounts needed to buy one pound (*) Units of 100 (x) Units of 1,000
N.Q.: not quoted; N.A.: not available.

INTEREST RATES

Eurocurrency Deposits

Dec. 7

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1 M.	9¾ - 9⅞	6¼ - 6⅜	4⅛ - 4¼	9⅜ - 9½	12⅛ - 12⅜	9¼ - 9½	8⅞ - 9⅛
2 M.	9 13/16 - 9 15/16	6 5/16 - 6 7/16	4⅛ - 4¼	9 7/16 - 9 9/16	12½ - 12¾	9¼ - 9½	8⅞ - 9⅛
3 M.	9⅞ - 10	6⅜ - 6½	4⅛ - 4¼	9½ - 9⅝	13 - 13¼	9⅜ - 9⅝	8⅞ - 9⅛
6 M.	10 - 10⅛	6 7/16 - 6 9/16	4¼ - 4⅜	9½ - 9⅝	14 - 14¼	9⅜ - 9⅝	9⅛ - 9⅜
1 Y.	10¼ - 10⅜	6½ - 6⅝	4⅜ - 4½	9 9/16 - 9 11/16	14½ - 14¾	9⅞ - 10⅛	9½ - 9¾

Key Money Rates

United States

	Close	Prev.
Discount Rate	8½	8½
Federal Funds	9 5/16	9 1/16
Prime Rate	11	11
Broker Loan Rate	10	10
Comm. Paper, 30-179 days	9.25	9.25
3-month Treasury Bills	8.92	8.92
6-month Treasury Bills	9.08	9.10
CD's 30-59 days	9	9.025
CD's 60-89 days	9.10	9.125

West Germany

	Close	Prev.
Lombard Rate	5.50	5.50
Overnight Rate	5.40	5.65
One Month Interbank	6.55	6.40
3-month Interbank	6.50	6.50
6-month Interbank	6.50	6.50

Japan

	Close	Prev.
Discount Rate	5	5
Call Money	6 5/16	6½
60-day Interbank	6⅝	6⅝

Britain

	Close	Prev.
Bank Base Rate	9	9
Call Money	9	9
91-day Treasury Bill	8 57/64	8 57/64
3-month Interbank	9⅝	9⅝

France

	Close	Prev.
Intervention Rate	12	12
Call Money	12	12⅛
One-month Interbank	12⅛	12⅛
3-month Interbank	12¼	12¼
6-month Interbank	12 5/16	12 5/16

Sources: Commerzbank, Bank of Tokyo, Lloyds Bank.

GOLD PRICES

	A.M.	P.M.	Ch'ge
Hong Kong	398.55	400.45	+ 2.80
Luxembourg	400.00	—	+ 2.75
Paris (12.5 kilo)	399.85	399.79	+ 1.51
Zurich	400.50	400.00	+ 2.50
London	399.75	399.75	+ 2.75
New York	399.75	—	+ 2.75

Official fixings for London, Paris and Luxembourg, opening and closing prices for Hong Kong and Zurich. N.Y. Handy & Harman. U.S. dollars per ounce.

OIL AND ENERGY

Saudi Petrochemicals Industry Faces a Crowded World Market

By Alan Mackie

RIYADH — The launcb over the next two years of Sandi Arabia's petrochemicals industry is sending waves through depressed world markets and through ailing European producers — with wbom its products will directly compete.

Few people believed when Saudi Arabia announced its intention in the early 1970s to develop a petrochemicals industry that it would be so quiek and efficient in building it. With world production then growing at 4 to 5 percent a year, few took much notice. Now that the *vague projections of start-up dates* have become hard predictions, attitudes have changed. There is alarm at tbe prospect of another 3 to 4 percent being added to the world's underutilized petrocbemicals capacity.

Saudi Arabia could not bave chosen a worse mnment psycbologically to enter the market. Global demand is growing at a sluggish 1 tn 2 percent at best, and a spate of Third World producers — notably, Mexico, Indnnesia, Iran and Iraq — are proceeding with plans to produce petrochemicals by the end nf the decade. As these Third World oil producers move into basic feedstocks, traditional producers have been moving downstream into specialty products in a major and fundamental restructuring of the industry.

But nnt everyone is adjusting so quickly — Western Europe is an example. And it is Saudi Arabia's luck that it will be trying to sell perbaps 15 percent of its productinn in Western Europe, wbere 40 percent nf plant, mucb of World War II technology, is idle, and a fragmented industry is vulnerable to price-cutting and pressures from nrganized labor.

Saudi Arabia's problem is less with specialized byproducts that joint-venture partners will more easily market, or with secondary products that will come on stream some years bence with a new generation of petrocbemicals geared to local market requirements, than with the difficulty in marketing methanol, polyethylene and ethylene derivatives. By the end of 1985, plants of the Saudi Arabian Basic Industries Corp. will be producing more than 1.2 million tons of methanol and 1.6 million tnns of ethylene per year. The bulk of methanol is targeted to the Japanese and Far East market, and Japan, which traditionally was a big producer of methannl, is restructuring its petrocbemicals industry accordingly.

Ethylene derivatives pose the biggest problem of all. It is the most difficult bulk product to move in current market conditions, and a large part of production, at least initially, will have to be placed in Europe.

The European Community has been slow in responding to the threat posed by the new wave of Third World producers, specifically Saudi Arabia, waiting for the United States to take the first step. But the Reagan administration has moved away from a confrontation with Mexico, its main supplier, over cheap petrochemicals imports, *and any differences* or *misunder*standings it had with Saudi Arabia over unfair pricing appear lo have been ironed out during Energy Secretary Donald Hodel's visit to the kingdom in late November.

The EC has, therefore, been left to deal with the Saudi threat on its own and is under pressure from members with surplus petrocbemical capacity to act. At present, the EC, like the United States, operates tariffs of 12 to 18 percent on Third Wnrld petrochemical imports.

The possibility of the EC erecting further tariffs to keep out petrochemicals naturally upsets the Saudis. They feel that they have bent over backward to help the EC countries through their financial difficulties, and they now expect at leastreciprocal treatment. In a warning broadside, the minister of industry and former managing director of SABIC, Abdel Aziz al-Zamil, has called on the EC to lower its tariff barriers.

The chairman of BP International, Robert Horton, has joined the fray by warning Saudi Arabia not to underestimate the "intransigence" of the West European market where strategie interests are invnlved. Speaking at a petrochemical conference in Al Khobar in early November, be appealed to Saudi Arabia to give Europe the time to make the structural cbanges that rationalization required. He suggested as a means of strengthening the mutual interest betweeo oew producers and their market, that the Arabs finance Europe's replacement capacity and in this way open up markets for their feedstocks. But be warned that it would take a high level of market discipline amoog botb Arab and European producers to avoid a price war and the erectioo of tariff barriers.

Ignorance and some prejudice appear to characterize the misunderstandings oo both sides. SABIC is a fast-growing organization that has yet to find its feet and a solid identity.

European petrochemicals manufacturers have no joint ventures with SABIC, know little about the organization and are deeply suspicious of its potential to upset an already grossly oversuppbed market. For example, a Riyadh-based oil executive said: "The fear is that they [the Saudis] will want a 15 to 20 perceot return and fudge the figures to get it. After all, the plant is there and they might as well utilize it to the full." The return on assets SABIC is expecting is an unknown quantity. It depends, too, *on definitions. Is, for instance,* the gas-gathering system included in the assets?

At any rate, if the Saudis priced their product on a positive cash flow basis, for example, they could break even at less than $1 a barrel, thus undercutting any producer in the world. The Europeans, as the least efficient, are most vulnerable and fear that the Saudis may decide to dump as much as 25 percent of their ethylene production in Europe if doors are closed elsewhere.

Saudi officials have stressed that they want an orderly entrance to the market. But SABIC's director of marketing, Abdullah Nojaidi, has said that SABIC does not intend to lean on its joint-venture partners for help in establishing its market capability. SABIC's own marketing company is under formation with branches in London and Hong Kong. He said that SABIC intends to market a minimum 25 percent of production, depending on marketing agreements already made and others under negotiation, leaving foreign partners with a maximum 65 percent to market, and the remaining 10 percent going to the domestie market.

SABIC believes it has the means to encourage the Europeans and Americans to lower their tariff barriers. For example, it sees Saudi Arabia's annual $20 billion of imports from the industrialized wnrld as the ultimate bargaining counter in making the industrialized countries compromise. SABIC's ehief executive, Ibrahim bin Salamah, said: "All the [Saudi] products being sold don't constitute more than $4 billion, and they doo't all go to the same place. What is $4 billion- ...compared with our import requirement? Nothing."

This may be unduly optimistic, bowever. Given European sensitivities, Saudi Arabia may have to settle for existing tariff levels oot being raised — or find itself dragged into a price war.

Saudi Arabia is continuing full speed with development of its petrochemicals industry.

Kuwaiti Retail Venture: Will OPEC Partners Follow?

By Bob Hagerty

LONDON — When the Kuwait Petroleum Corp. bought up 1,600 gasoline stations and two refineries in Europe last spring, some of its Western rivals feared the worst.

Would the upstart flood the already soggy European market with cheap oil produets? So far, oilmen report, the answer is no.

"KPC has been very cautious in maintaining the rules of the game," said a spokesman for Exxon Corp.'s Esso Europe unit. At Royal Dutch/Shell, a spokesman agreed: "We have not seen them as price-cutters so far."

Sbeikh Ali Khalifa al-Sabah, Kuwait's oil minister and chairman of KPC, said that the matter should never have been in doubt. "KPC is a totally commercial company in its thinking and planning," he said recently. It is "committed to nobody other than its balance sheet."

KPC is even sometimes called the "eighth sister" to the seven big Western oil companies that used to dnminate the oil industries of Kuwait and its fellow members of the Organization of Petroleum Exporting Countries.

But KPC is a new breed of oil company whose attitudes and organization differ markedly from those of the Seven Sisters. As a state-owned company, it is under no pressure to pay dividends and thus can take a longer-term view on investments. At the same time, as a company based in the Third World, it is constrained by the shortage of trained executives.

"There's nobody like it in the oil industry," a senior KPC executive said.

While all of the OPEC countries took over their oil industries from foreign owners during the last two decades, none has been so aggressive as Kuwait in building up an international oil company. Kuwait had more incentive to invest overseas than did most other OPEC countries. With a population of just 1.5 million, Kuwait could not find enough worthwhile projects at home in which to sink all of its oil revenue, which totaled about $10 billion last year, down from a peak of $18 billion in 1980.

But, as oil demand remains depressed, there are signs that other OPEC countries are seeing the logic of Kuwait's moves to set up secure outlets for its crude. The United Arab Emirates has expressed interest in buying overseas oil assets, and some analysts think that Saudi Arabia, too, will emulate Kuwait.

"I think more and more OPEC countries are going to go into it," said Mehdi Varzi, an oil analyst at the London stock brokerage of Grieveson, Grant & Co.

KPC's roots go back to 1934, wben British Petroleum and Gulf Oil set up the Kuwait Oil Co. to produce oil in what was then a poor desert couotry. Io 1975, the Kuwait government took over Kuwait Oil Co. In January 1980, the government decreed that the entire oil industry would be grouped under a new parent company to be called KPC.

Less than four years later, KPC is, in the industry jargon, a "fully integrated" oil company. It controls the flow from the oil well all the way to the gasoline pump and, in terms of sales, is roughly half the size of Gulf, the smallest of the Seven Sisters.

Not content with merely exploiting Kuwait's vast oil reserves, KPC has interests in exploration projects in the North Sea and Williston Basin in the United States. It is fighting a court battle in the United States in an effort to overturn a ruling by the U.S. Energy Department that KPC is ineligible to hold oil rights on U.S. government land. The department has contended that Kuwait discriminated against investment by U.S. companies.

The court case, however, affects only a small part of Kuwait's exploration activities, which extend to Morocco, Indonesia, Oman, Congo and Sudan, among other Third World countries.

At home, Knwait produces about 1 million barrels of crude a day. KPC said it receives no discount on the crude it buys from the government, although analysts said that the policy could easily be discarded if the government changed its mind.

In both exploration and production, KPC draws on the services of Sante Fe International, the U.S. oil-services and engineering company that Kuwait bought for $2.5 billioo in December 1981.

Santa Fe also comes in handy for refining. Its C.F. Braun subsidiary is involved in the upgrading of Kuwait's domestic refineries. The daily capacity of the three refineries, about 350,000 barrels, is scheduled to double within the next three years.

In addition, KPC has refineries in the Netherlands and Denmark, acquired last spring from Gulf Oil, which is pulling out of many of its operations outside the United States. Those two refineries add another 150,000 barrels a day to capacity.

KPC subsidiaries produce fertilizer and other petrochemicals at home. Through joint ventures, the company also has petrochemical interests in Turkey, Bahrain and Tunisia.

To improve its petrochemical expertise, KPC is using another major overseas investment, a holding of about 24 percent in Hoechst AG of West Germany. KPC has said it hopes to cooperate with Hoechst in plastics, fertilizer, biotechnology and other fields.

KPC's shipping unit owns 23 tankers capable of carrying crude, oil products or liquefied petroleum gas. The final link of the chain is the European marketing network, including 1,600 gasoline stations in Denmark, Sweden, Belgium, Luxembourg and the Netherlands, also acquired this year from Gulf Oil.

What KPC will buy next is the subject of much guessing. Gulf Oil is still trying to unload its marketing and refining assets in Britain and Italy. KPC has indicated recently that it is oot interested in either, but that was the impression it gave not long before making this spring's purchases.

Sheikh Ali said he does not rule out investments in any part of the world. He noted, however, that Asia's proximity makes it a natural market for Kuwait's petroleum. "The U.S. is not a natural market for us," Sheikh Ali said, citing transport costs.

If that factor can be overcome by other advantages, however, KPC would be interested, he added.

A KPC source indicated that no big acquisitions are imminent. If it does decide to move, however, the company clearly has the resources.

Its report for the year ended June 30, 1982, showed reserves of 1.18 billion Kuwaiti dinars ($4.07 billion).

The company had net income of 299 million dinars on sales of 3.47 billion dinars. Sheikh Ali indicated that profit was much higher in the year to last June 30, for which results have not yet been released.

A KPC insider said that the company can move fast when it spots a potential bargain.

Unlike the Seven Sisters, it has not yet developed a lush bureaucracy in the upper reaches of management. Most of the bureaucracy resides at lower levels, where Kuwait's manpower shortage is less severe.

Thus, the insider said, it can take longer to get his vacation schedule approved than it does to get clearance for a multimillion-dollar acquisition.

هكذا من الأصل

BUSINESS BRIEFS

U.S. Drops Probe of Oil Companies After Finding No Basis for Action

WASHINGTON (AP) — The U.S. Justice Department said Wednesday that it has ended a federal investigation of international oil companies because there is no basis to pursue "possible antitrust action."

Assistant Attorney General William F. Baxter, head of the Justice Department's Antitrust Division, announced the decision to close the 6-year-old investigation without any prosecution.

The investigation initially began in 1977 with requests for documents from seven U.S. oil companies and four foreign companies. The probe was subsequently narrowed to focus solely on the four companies that jointly own Arabian American Oil Co., known as Aramco, which produces and markets crude oil from Saudi Arabia. The four Aramco partners are Exxon Corp., Texaco Inc., Standard Oil Co. of California and Mobil Corp.

The Saudi Arabian government objected to U.S. government demands for documents from these companies and has effectively blocked the turning over of the documents sought by the Justice Department.

Harvester French Unit Defaults on Pact

CHICAGO (Reuters) — International Harvester Co. said Wednesday that its French subsidiary, International Harvester France, had violated its minimum net worth covenant and the Bank of France had refused to renew a credit facility for the subsidiary.

The facility permits banks to discount notes bought from the Harvester unit, Harvester said. The subsidiary's lenders "have extended the short-term facilities under the (unit's) loan agreements only on a temporary basis." Harvester said the extension expires Jan. 31.

The subsidiary seeks a 100-million-franc ($12-million) loan from the French government, certain creditors and from the parent company itself to supply the unit with bridge financing until the unit completes an operational and financial restructuring.

Deutsche Bank's Operating Net Rises

DUSSELDORF (Reuters) — Good results in trading on Deutsche Bank's own account and in securities should allow it to make a further large increase in risk provisions for nonperforming loans, the joint management board's spokesman, F. Wilhelm Christians, said Wednesday.

He did not say what level of provisions would be made, but increased profit from currency and securities trading in 1982 allowed the bank to increase published group risk provisions last year by 43 percent to 1.7 billion Deutsche marks ($622.9 million).

Mr. Christians said that operating earnings, including trading for the bank's own account, rose 10.8 percent in the first 10 months of 1983, but he gave no figure. The bank reported a 30-percent rise in 1981 and a 33-percent increase last year.

Partial operating profit of the parent bank for the first 10 months was 1.74 billion DM, up 16 percent from 1.5 billion DM a year earlier.

Time Holders Clear Spin Off of Unit

NEW YORK (Reuters) — Time Inc. shareholders on Wednesday approved a company proposal to spin off the company's forest products division and other proposals that will make it more difficult to acquire the company.

Officials at a special shareholder meeting said a majority of the company's shareholders approved the plan to distribute to stockholders 90 percent of the stock outstanding of its Temple-Inland Inc. subsidiary.

Temple-Inland is the parent company of Temple-Eastex Inc. and Inland Container Corp., which together produce pulp, paper board, building materials and corregated containers.

Continental Gummi May Pay Dividend

HANOVER (Reuters) — Continental Gummi-Werke AG's managing board will propose a dividend of at least 5 percent of its shares' face value of 50 Deutsche marks ($18.32) for 1983, a company spokesman said Wednesday.

The last time Conti paid a dividend was 2.50 DM on 1980 results. Profits for the world group and the parent company will be significantly higher than in 1982, when the group earned 20 million DM and the parent earned 5.7 million DM, the spokesman said.

Reagan Asked to Settle Feud Over IDA Funding

By Hobart Rowen

Washington Post Service

WASHINGTON — President Ronald Reagan has been asked by Treasury Secretary Donald T. Regan to resolve a dispute between Mr. Regan and Secretary of State George P. Shultz over how much money to give to an aid program for Third World nations.

As chairman of the senior intergovernmental committee on international economic affairs, Mr. Regan recommended to the president last week that the U.S. contribution to the International Development Association be limited to $750 million annually. Mr. Shultz urged that it be raised to $950 million.

The United States supplies about 25 percent of the IDA's funds. The smaller U.S. contribution would limit total IDA aid over three years to $9 billion, while the larger figure would allow a $12-billion program.

The size of the U.S. contribution will come up with some urgency at a two-day meeting starting in Paris Friday of the deputy finance ministers for the IDA, who are to determine the size of the lending program for three years beginning in mid-1984.

White House officials said Tuesday night that Mr. Reagan would make his decision by Thursday.

Treasury Department officials had hoped to keep to the $750-million annual limit. Pressures to be more generous are coming from several influential sources, including Mr. Shultz and, according to one report, Vice President George Bush.

The IDA is part of the World Bank group. It makes grants to poor countries for a 40-year period at no interest, with only a small service charge. Treasury officials, mindful of the recent congressional struggle over increased funds for the International Monetary Fund, have been hesitant to ask for more for the IDA.

The members of the European Community have called on the United States to agree to a $1-billion annual share for the IDA, which would make a $12-billion program possible over the next three years.

West German Embassy officials confirmed that a plea to that effect was delivered last week in a personal letter from Chancellor Helmut Kohl to President Ronald Reagan. Similar notes have been promised by Prime Minister Margaret Thatcher of Britain and President François Mitterrand of France.

The EC petition for a larger IDA program was delivered Monday to the deputy secretary of state, Kenneth W. Dam, by the ambassador of Greece, George Papoulias, on behalf of the Delegation of the European Communities. The document argued that a program of only $9 billion, keyed to a U.S. contribution of $750 million a year, is "gravely inadequate."

Statoil Approves Plans For North Sea Pipeline

Reuters

OSLO — The Norwegian state oil company, Statoil, has approved plans for a 2.26-billion-kroner ($300-million) pipeline transporting oil from two fields in the North Sea.

Norsk Hydro, which is partly controlled by the state, will be jointly responsible for the project, to be completed by 1989, Statoil announced Tuesday. The new pipeline, from the Gullfaks and Oseberg fields, will bring oil to Mongstad, north of Bergen, which will become one of Europe's leading oil terminals, a Statoil spokesman said.

Regan Says GNP Growing at 6-7%

Reuters

NEW YORK — U.S. Treasury Secretary Donald T. Regan said Wednesday he expected inflation-adjusted gross national product to grow at a 6-7 percent annual rate in the fourth quarter of 1983 and that 1984 will also show healthy growth.

Answering questions at the Women's Bond Club, Mr. Regan also said he wanted Martin S. Feldstein to remain as chairman of the Council of Economic Advisers. Mr. Regan said Mr. Feldstein and he sometimes disagreed, but that this was healthy. They both agreed that federal budget deficits were a matter of concern. "What I'm suggesting, though, is that it's too simplistic to say that deficits and only deficits are responsible for the high rates of interest in the United States," Mr. Regan said.

Monetary policy and inflationary fears also contribute to rate levels, he said.

Gordon Getty Amends Divided Firm's Bylaws

By Thomas C. Hayes

New York Times Service

LOS ANGELES — Gordon P. Getty has amended the bylaws of Getty Oil Co., apparently in an effort to halt the company's legal challenge to his sole voting authority over a family trust that controls 40.2 percent of Getty Oil's common shares.

Mr. Getty was joined in his action Tuesday by the J. Paul Getty Museum, which holds 11.8 percent of the shares.

The move was attacked as illegal by Getty Oil's management. Sidney R. Petersen, the chairman and chief executive officer, said through a spokesman that the management was "shocked and alarmed" by the action. There was no comment, however, on how it would respond.

Since the Sarah C. Getty Trust and the museum together own 52 percent of the company's shares, that could be enough to remove Mr. Petersen and directors who support him if a shareholder vote develops.

The changes in the bylaws would, among other things, require 14 of the 16 directors to approve any legal action taken against stockholders owning 5 percent or more of the shares. The two stockholders fitting that description are the trust, which Mr. Getty heads as sole trustee, and the museum. Holding a majority of the stock, they can change the bylaws without a formal shareholder vote under the laws of the state of Delaware, where Getty Oil is incorporated.

In a statement concerning the changes, the trust and the museum declared that the company had violated an Oct. 19 agreement calling for it, the trust and the museum to discuss major policy moves "openly" before any actions were taken.

According to the trust and the museum, a breach occurred on Nov. 15 when the company joined in a suit by J. Paul Getty 2d seeking to oust Gordon, his younger brother, as trustee and to have the Bank of America appointed as trustee.

The action was taken "without the knowledge of Gordon P. Getty," said the trust and the museum, adding that "Getty Oil has intentionally failed to honor the standstill agreement" of Oct. 19.

Last week Mr. Petersen rejected a request by Harold M. Williams, chairman of the museum, for a special directors' meeting to review the company's suit against Gordon Getty. The next board meeting is scheduled for the second week in January.

With that schedule, it is unclear whether Mr. Williams will continue to press for a special meeting. Such a meeting may be called, however, since another bylaw change would enable any three directors to call one. In addition to Mr. Williams, Gordon Getty has three other allies among the company's 16 directors.

Getty's management said Tuesday that it considered the Oct. 19 agreement to be still in effect.

In a letter written by outside lawyers and released to reporters by the company, Getty Oil maintained that Gordon Getty and Mr. Williams were aware as early as last September of the intent of Paul Getty and the company to challenge Gordon Getty's status as the sole trustee of the trust.

A company spokesman, Jack Leone, said that the Oct. 19 agreement, among other things, prohibited Gordon Getty and Mr. Williams from acting together to control corporate policy.

The letter prepared by the company's outside lawyers said that Gordon Getty had made several attempts between July and October to gain control of the company and oust Mr. Petersen.

More U.S. Concerns Bypassing Local Phone Firms

(Continued from Page 13)

companies from bypass appears to be small. While a company might build a radio link between two buildings, it still must use the local phone network to call customers, suppliers and employees' homes. Westinghouse, despite its private Pittsburgh network, still has a $6-million annual telephone bill from Bell of Pennsylvania.

How big bypass may become is also a matter of debate. Such consulting firms as Telestrategies of McLean, Virginia; and the Perspective Telecommunications Group of Paramus, New Jersey, estimate that local phone companies might lose 3 to 10 percent of their revenue in the next few years.

That does not sound like much, but most analysts say the threat of cream-skimming is genuine.

"Not only do you have a limited number of large customers, but you also have them concentrated in a geographic area," said Joseph Kraemer of the accounting firm of Touche Ross & Co. "You don't have to build a new telephone company to get their business."

Several technologies can be used as alternatives to the phone company's wires. Chief among them at present is microwave radio. Cables used for cable television can also be used to carry voice and data, as can fiber-optic cables. Satellites can bypass the local and long-distance networks.

The most important distinction, however, is not the technology used, but what part of the phone system is bypassed.

In purely local bypass, a company connects two or more of its own buildings in the same city. This is what Westinghouse and Boeing do.

Yet another part of the phone system that can be bypassed is the access line to long-distance services. When someone makes a long-distance call, using AT&T or such competing services as Sprint or MCI, the local phone company still handles the call at either end.

Big customers might save money by using their own facilities to connect directly to the long-distance companies' facilities.

Still another type is total bypass, avoiding both local and long-distance lines, which occurs when a company connects its buildings in different cities with a satellite network. Citicorp and Harris Corp. are among those doing this. They have satellite networks that in addition to carrying telephone conversations can transmit data between their buildings in different cities.

Phone companies worry most about customers bypassing them to gain access to long-distance service and thus avoid the charges now relied on to subsidize other local rates. Many large customers, including the federal government and state governments complaining about bypass, already use private lines to connect to long-distance facilities, avoiding the per-minute subsidy charges.

NYSE Most Actives

	Vol.	High	Low	Close	Chg
ATT	63075	44½	54⅛	54¼	— ⅛
ATT wi	54750	20	19⅛	19⅝	— ⅜
DiamS	33246	19⅞	18⅞	19	— ¼
Houind	26680	20½	20	20⅛	
CastlCk	11127	17⅛	15⅝	17¼	+1¼
PanAm	10018	8⅞	8⅝	8⅞	+ ⅜
K mart	9793	35½	54⅛	35⅛	— ⅜
DomRs	8247	21⅛	21⅛	21½	
IBM	7674	119⅝	117⅝	119	+1⅛
Mntrm s	7635	35⅝	25	35⅝	+1¼
Tandy	7397	43⅞	42⅛	43⅜	+1
LitCo	6789	12¼	11⅞	12¼	+ ¼
PacGE s	6718	16¼	16	16	— ¼
UsairG	6628	33⅛	32⅜	33	+1
Human s	6367	26⅛	21¼	25⅛	+ ½

Dow Jones Averages

	Open	High	Low	Close	Chng
Indus	1268.39	1282.42	1263.21	1272.78	+ 4.47
Trans	604.54	615.28	602.95	609.12	+ 6.54
Util	133.72	134.92	133.07	134.20	+ 0.24
Comp	507.57	514.06	505.68	510.19	+ 2.78

NYSE Diaries

	Close	Prev.
Advanced	899	768
Declined	751	850
Unchanged	402	435
Total Issues	2052	2053
New Highs	60	40
New Lows	32	54
Volume up		N.A.
Volume down		N.A.

NYSE Index

	Previous High	Previous Low	Previous Close	Today 2 p.m.
Composite	95.82	95.61	95.61	95.87
Industrials	111.60	111.35	111.35	111.64
Transp.	99.50	99.16	99.35	100.61
Utilities	47.70	47.64	47.64	47.62
Finance	95.25	94.94	94.94	95.47

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Dec. 6	195,034	411,559	3,415
Dec. 5	200,292	462,712	2,427
Dec. 3	199,777	424,690	1,527
Dec. 1	197,782	409,369	1,567
Nov. 30	218,166	455,443	2,550

*Included in the sales figures

Wednesday's NYSE Closing

Vol. at 3 p.m.	86,570,000
Prev. 3 p.m. Vol.	73,230,000
Prev Consolidated Close	105,263,370

Tables include the nationwide prices up to the closing on Wall Street

AMEX Diaries

	Close	Prev.
Advanced	376	291
Declined	287	316
Unchanged	253	232
Total Issues	856	839
New Highs	21	16
New Lows	7	11
Volume up		N.A.
Volume down		N.A.

Standard & Poors Index

	Previous High	Previous Low	Previous Close	Today 3 p.m.
Industrials	188.24	185.15	186.40	186.85
Transp.	31.88	21.33	31.58	31.98
Utilities	67.73	67.01	67.32	67.47
Finance	18.57	18.23	18.36	18.47
Composite	167.06	164.38	165.47	165.95

NASDAQ Index

	Close	Noon	Week Ago	Year Ago
Composite	282.05	282.29	285.62	240.65
Industrials	327.96	328.52	334.79	281.37
Finance	276.02	—	274.54	216.12
Insurance	266.59	—	258.97	235.24
Utilities	282.54	—	289.65	216.01
Banks	181.38	—	200.24	160.04
Transp.	289.20	—	291.98	202.05

Dow Jones Bond Averages

	Prev. Close	Today 2 p.m.
Bonds	70.22	70.15
Utilities	67.33	57.03
Industrials	73.33	73.28

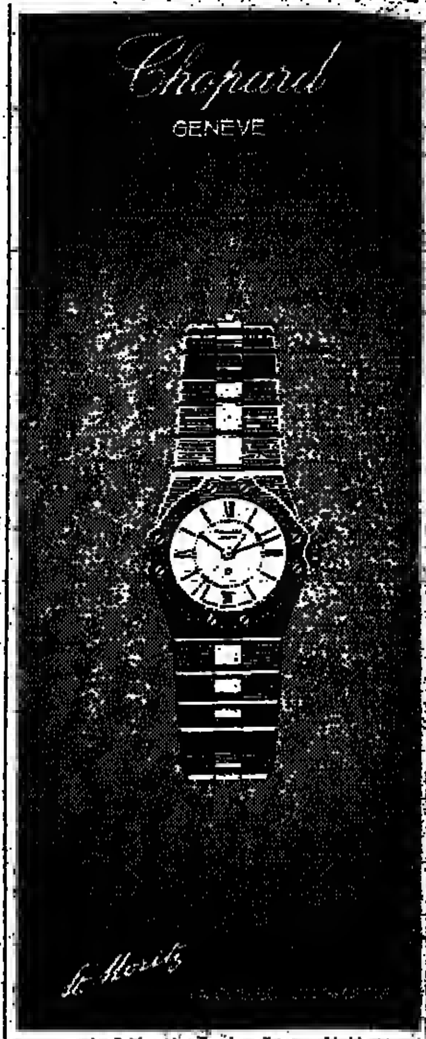
AMEX Most Actives

	Vol.	High	Low	Close	Chg
DorGas	3397	22⅛	21⅛	21⅛	+ ⅛
EchoB wd	3026	8⅛	7⅛	8⅛	+ ⅜
WangB	2578	32⅜	32⅛	32⅛	— ⅜
Amdhl	1983	17⅛	16⅞	17⅛	+ ⅜
Vrtsim	1722	18	17⅛	17⅛	— ⅜
Helzer	1070	16	15⅞	15⅞	
ResrtA	999	39	37⅞	38⅛	+ ⅞
TIE	995	28⅜	27⅜	28	— ⅛
OzarkA	943	12	11⅞	11⅞	
DomeP	894	3⅜	3½	3⅜	— ⅛

AMEX Stock Index

High	Previous Low	Close	Today 2 p.m.
224.08	222.75	223.05	222.8[illegible]

12 Month High	12 Month Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]



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(Continued on Page 16)

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THE NIKKO PERSPECTIVE

ON HOW The Japanese Financial System is Changing

Michiya Matsukawa, former Vice-Minister of Finance for International Affairs and present Chairman of the Institute, The Nikko Research Center, Ltd., provides a perspective on changes taking place in Japan's financial system.

RECENTLY ***there has been criticism from both within Japan and abroad that the Japanese financial system has not adapted to suit the current social and economic environment. What is your personal viewpoint?***

Matsukawa: My own analysis of the situation starts from the pace of economic change in Japan. Overall economic development has been extremely rapid in the period since the end of the Pacific War, implying that most sectors of the economy have responded reasonably well to economic growth and the changing international environment. Unfortunately, the financial services industry has been one of the slowest.

There are several reasons why the financial structure has fossilized and become dated—reasons that have close parallels in other industrialized nations. The first has been an overwhelming concern by investors with safety of principal with little regard for reasonable returns. This encourages perpetuation of the status quo and the inefficiencies that go with it. A second reason has been the separation of the banking and securities businesses as modeled on the Glass-Steagall Act in the United States. This has perpetuated an artificial segmentation of the financial services industry. Those arguing to maintain the exising financial structure start from the basic tenet that the small must be protected, both the small savers and the small institutions that have traditionally served them.

But reality is making this policy increasingly untenable. Just looking briefly at the historical process, there have been several interesting trends. Before the war the postal savings system was there to serve those with small deposits and to ensure that they had liquidity. The rich, though small in number, speculated in the futures of silk and beans. Later on, these same investors moved into the stock market. Thus we saw the beginning of a healthy financial system that offered various combinations of risk and return.

The war turned back the evolutionary clock to a point where the predominant concern was security of principal and liquidity. But economic development accelerated, and the level of personal financial assets has grown to the point where, on a per capita basis, it is among the highest in the world. In the process, demand for liquidity declined, and the sensitivity of investors to yields rose. This trend has been very apparent since the late 1960s.

SO WHY ***hasn't the financial system responded to this trend? And are there any factors that are forcing it to respond?***

Matsukawa: It has responded, but at a very slow pace. At each step of the way the grandfather clauses—whether implicit in the conventions of the financial system or explicit in legislation—have forestalled changes and perpetuated such aspects of the financial system as the structure of the banking system and the mechanism for determining interest rates. And the spectre of past failures of financial institutions is all too fresh in the minds of many and all too conveniently used to argue against reform, since drastic changes could imply potentially disruptive forces.

But right now the pressures for change are strong. I have already mentioned the growing volume of household financial assets and their search for higher yields. At present these assets total ¥430 trillion. A related pressure has been the sizable volume of national government bonds outstanding—currently ¥100 trillion—and their weakness in the secondary market. A third important trend has been the internationalization of funds flows since the 1950s. This particular trend is forcing Japan to discard its unique system of accounting and other financial conventions.

ONE LINE ***of argument states that the monetary authorities are the brake that has slowed down changes in the financial system. With your experience in both the public and private sectors, what is your analysis of this argument?***

Matsukawa: It is easy to place the blame on government, but I don't think it is appropriate in this case. There are no legal barriers to the type of changes for which I and many others are calling. The barriers are the strictures of past convention, whether it is the determination of interest rates, the composition of the syndicate for underwriting government bonds, access to membership in the stock exchange, the ability to acquire other financial institutions or the opportunity to move into the trust business.

Just to comment further on a couple of these issues, take the call for interest rate liberalization. The only legal restriction is the upper rate that can be offered on deposits; yet monetary authorities find themselves in a position of having to mediate among various types of financial institutions with conflicting interests in order to keep an eye on the health of the whole financial system and, at the same time, to encourage change. Thus the possibility of absurd situations, such as when the yields on government bonds have been higher than those on corporate bonds.

Another area is the trust business, which has been legally separated from banking operations. With pension fund assets growing at roughly 20 percent a year, many financial institutions have been anxious to join the trust banks and life insurance companies in managing these assets. Recently when a foreign bank sought a license for these activities, there was strong protest from the Japanese commercial banks, since they felt they had been waiting in line for years for the same privilege.

ADMITTEDLY ***the process of achieving a concensus is long and involved in any country, but what course do you expect this process to take in Japan?***

Matsukawa: I think the course of change has been quite transparent. The easiest changes are made in those areas where there are no serious conflicts of interest. A good example is the development of a money market with the bond repurchase agreements, certificates of deposit and other instruments in what I think can be called a relatively short period of time, although I am sure many of my

friends in the international banking community were hoping it would even be shorter. And I am sure we will see progress on such issues as the bidding system on treasury bills and bankers acceptances.

THERE ***has been serious discussion recently of setting up an offshore market in Tokyo. What is your opinion?***

Matsukawa: Basically I am reluctant, but for reasons that differ from those officials in the Bank of Japan who see an environment in which it would be harder to control the money supply or those in the Ministry of Finance who are worried about tax evasion. Very simply I believe that isolating the domestic market from an offshore banking center would further retard the pace of change in the Japanese financial system and even work to fossilize the current structure. It should definitely not be a top priority.

WHAT ***then are the top priorities in your own agenda for reform of the financial system?***

Matsukawa: The top priorities are the liberalization of interest rates—freeing them from the traditional hierarchy of fixed relationships—and the development of new financial products. For a securities firm such as Nikko this means competing in segments traditionally considered the domain of the banks. I would also like to see the trust business opened up to more participants. In the banking area I think the banks should be allowed more tax-exempt reserves to reflect the increasing risks that they are incurring in international lending.

FINALLY ***could you comment on the impact of foreign exchange markets on the management of the domestic financial system?***

Matsukawa: The issue of domestic interest rates as it relates to movements of the yen is an extremely complex one. Until two or three years ago, the movements of the yen closely followed changes in economic fundamentals. Then, with the increasing liberalization of capital flows into and out of Japan, interest rate differentials and the resulting arbitrage activities have had a growing impact on exchange rates. But most recently, currency futures markets such as the International Money Market have added a new dimension to the foreign exchange market. Thus, apart from the settlements for goods and services or the transactions of the arbitrageur that involve the flow of funds across national boundaries, purely speculative money games and the expectations of investors are determining short-term directions in foreign exchange markets. It is just like the speculation in such commodities as silk and beans that I mentioned earlier: no one really intends to take delivery.

Needless to say, such a market defies government intervention. In fact, attempts at intervention can have an adverse psychological impact on the market. That is one reason why I have been against the proposed issuance of bonds in the United States by the Japanese government. You can't make water flow uphill, and it is just as hard to stem the flow of capital out of a country with high savings.

Therefore I believe that a move in the direction of further liberalization is desirable because it makes foreign exchange trends more predictable and thus exchange rates less volatile.

Wednesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street

(Continued from Page 14)

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a— dividend also extra(s). b— annual rate of dividend plus stock dividend. c— liquidating dividend. cld— called. d— new yearly low. e— dividend declared or paid in preceding 12 months. g— dividend in Canadian funds, subject to 15% non-residence tax. i— dividend declared after split-up or stock dividend. j— dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k— dividend declared or paid this year, an accumulative issue with dividends in arrears. n— new issue in the past 52 weeks. The high-low range begins with the start of trading. nd— next day delivery. P/E— price-earnings ratio. r— dividend declared or paid in preceding 12 months, plus stock dividend. s— stock split. Dividend begins with date of split. sls— sales. t— dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u— new yearly high. v— trading halted. vi— in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd— when distributed. wi— when issued. ww— with warrants. x— ex-dividend or ex-rights. xdis— ex-distribution. xw— without warrants. y— ex-dividend and sales in full. yld— yield. z— sales in full.

Citicorp, Bank In Massachusetts Hold Merger Talks

Reuters

NEW YORK — Citicorp said Wednesday it has been holding merger discussions with a Massachusetts bank-holding company. It gave no other details.

Citicorp also said it filed suit Wednesday in U.S. District Court in Boston to invalidate Massachusetts's regional reciprocal banking act and to enjoin four New England banking companies from mergers proposed under the act.

Citicorp said, if necessary, it would file similar suits to have any future state laws leading to permanent regional compacts declared unconstitutional and to stop any mergers that may be begun under them.

The Massachusetts act passed earlier this year forms the basis for the New England banking compact. Connecticut and Rhode Island subsequently passed similar legislation, making possible banking mergers across their state lines but excluding companies from outside New England, particularly from New York, Citicorp said.

Citicorp said its suit also names Bank of New England Corp. and CBT Corp., which have announced plans to merge under provisions of the act, and Bank of Boston Corp. and Hartford National Corp., which also plan to merge.

Patrick Mulhern, Citicorp's general counsel, said such compacts as the New England one deprive local consumers and businesses of the benefits of broader competition.

They also discriminate against banks in excluded states and clearly violate the U.S. Constitution's clauses on compacts and commerce, Mr. Mulhern said.

COMPANY EARNINGS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Britain

Hanson Trust

Year	1983	1982
Revenue	1,480.	1,150.
Profits	63.6	42.3
Per Share	0.144	0.116

Pilkington Bros

1st Half	1983	1982
Revenue	578.2	455.3
Profits	4.8	(a)3.5

a: loss.

Canada

Royal Bk Canada

4th Quar.	1983	1982
Profits	127.0	N.A.
Per Share	1.15	1.10

Year	1983	1982
Profit	400.0	357.6
Per Share	4.58	3.68

United States

Deere

4th Quar.	1983	1982
Revenue	1,108.	1,150.
Net Inc.	57.96	12.09
Per Share	0.85	0.18

Year	1983	1982
Revenue	3,970.	4,610.
Net Inc.	23.29	52.90
Per Share	0.34	0.78

1983 nets include gain of $16.2 million from settlement of lawsuit and gains of $18.3 million in quarter and of $41.7 in year from reduction of inventories.

Firestone Tire

4th Quar.	1983	1982
Revenue	1,100.	972.0
Net Inc.	36.0	20.0
Per Share	0.76	0.38

Year	1983	1982
Revenue	3,900.	3,900.
Net Inc.	111.0	6.8
Per Share	2.26	0.11

Heinz (H.J.)

2nd Quar.	1983	1982
Revenue	1,010.	956.1
Net Inc.	62.43	54.41
Per Share	0.88	0.76

1st Half	1983	1982
Revenue	1,850.	1,870.
Net Inc.	123.91	109.71
Per Share	1.75	1.54

1982 per share results restated for 3-for-2 split in Sept. and for preferred dividends.

Over-the-Counter Dec. 7

NASDAQ National Market Prices

[illegible]

Floating Rate Notes Dec. 7

Banks

[illegible]

Non Banks

[illegible]

Prices supplied by Credit Suisse-First Boston Ltd., London

Herald Tribune — The Whole World in Your Hands

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Grains

[illegible]

Livestock

[illegible]

U.S. Futures Prices Dec. 7

Food

[illegible]

Metals

[illegible]

Financial

[illegible]

Industrials

[illegible]

Stock Indexes

[illegible]

Market Guide

[illegible]

Commodity Indexes

	Close	Previous
Moody's	1,037.50 f	1,034.80 f
Reuters	1,941.20	1,940.70
D.J. Futures	146.35	144.82

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final.
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

London Commodities Dec. 7

[illegible]

London Metals Dec. 7

[illegible]

Cash Prices Dec. 7

[illegible]

W. German Steel Output Falls

Reuters

DUSSELDORF — West German crude-steel production fell 2 percent from a year earlier to a provisional 33.11 million metric tons in the first 11 months of this year, the Federal Statistics Office said Wednesday.

Paris Commodities Dec. 7

[illegible]

NYSE Highs-Lows Dec. 7

[illegible]

Dividends Dec. 7

[illegible]

U.S. and Japan To Ask a Round Of GATT Talks

The Associated Press

TOKYO — Japan and the United States are to propose a new round of multilateral trade negotiations of the General Agreement on Tariffs and Trade in the autumn of 1985, Japan's Foreign Ministry said Wednesday. The talks are to focus on eliminating protectionism.

According to an unofficial agreement made this week in Washington between Michio Mizoguchi, special economic adviser to Foreign Minister Shintaro Abe, and Deputy U.S. Trade Representative Michael Smith, the two countries will take the initiative in opening the new round.

The round was proposed jointly by President Ronald Reagan and Prime Minister Yasuhiro Nakasone during their summit in Tokyo in November, the official said.

He said the two nations would call for participation by developed and developing nations at the ministerial meeting of the Organization of Economic Cooperation and Development in Paris next spring and at the seven-nation summit of industrialized nations to be held in London next June.

Included in the agenda for the proposed new round of GATT talks are elimination of tariffs and non-tariff barriers, new rules to encourage investment exchanges, particularly in the areas of high technology and finance, and a stronger GATT structure to deal effectively with trade friction, the official said.

U.S. Panel Rules Out a Law to Resolve Struggle With States on Unitary Taxes

By Martha M. Hamilton

Washington Post Service

WASHINGTON — A presidential commission working on the unitary tax issue — which has pitted states against multinational corporations and alienated major U.S. trading partners — has ruled out trying to resolve the problem by federal legislation that would preempt states' rights.

The Unitary Tax Working Group directed its staff to develop a plan involving voluntary compliance by the states, while keeping the long-run option of federal legislation open. The possibility of such legislation appeared remote, however.

Under the unitary tax system, states tax corporations on a pro-rata share of total earnings, including profits in other states and other countries. States, concerned about possible under-reporting of income by corporations or the ability of corporations to switch profits among subsidiaries to evade state taxes, have argued in favor of the unitary system.

The Supreme Court in June upheld California's right to tax U.S.-based multinationals on a unitary basis.

Trading partners of the United State, including Japan, Britain and Canada, have expressed opposition to the system, arguing that it may subject multinational corporations to double taxation and violate tax treaties.

The Working Group, a 19-member panel headed by the Treasury Secretary Donald T. Regan, includes the governors of California and Illinois and several business executives, directed its task force staff to try to come up with a plan to obtain voluntary state cooperation by Feb. 24. The meeting is two days before the National Governors Association meets in Washington. If the working group can reach a consensus, it should take it to the governors, Mr. Regan said.

One approach might be to pair a modified approach to unitary taxation, such as one that would include only unitary operations in the United States, with some solution to the states' needs for full accountability by corporation, a task force member indicated.

The deliberations of the Working Group followed the Supreme Court decision Monday refusing an appeal by Shell Petroleum N.V. of the Netherlands that could have raised a new legal challenge to the unitary tax.

During the Working Group's deliberations Tuesday, it was clear that the state members of the group would oppose an approach dependent on strong federal legislation. The only situation in which preemptive federal legislation would be tolerable is if the group had found national harm resulting from unitary taxation.

"We're convinced that no testimony has proven national harm," said Owen L. Clarke of the National Association of Tax Administrators, although he added there were clearly national problems. "Restrictive federal legislation will be resisted by the states to the end," he said.

California's governor, George Deukmejian, said that states might be moved to modify voluntarily state tax programs if they found that unitary taxation was hindering investment in the state and costing jobs.

North Dakota's tax commissioner, Kent Conrad, the most outspoken supporter of unitary taxation on the working group, said that he believes the group is focusing too much on unitary taxation as the problem. "The fundamental, underlying problem is the lack of full accountability" by corporations, he said.

Pöhl Says Group of 10 To Agree on IMF Credit

Reuters

FRANKFURT — Central bankers from the Group of 10 nations will agree on a bridging credit for the International Monetary Fund at the group's meeting in Basel next week, Karl Otto Pöhl, president of the Bundesbank, said Wednesday. The Group of 10 comprises the 9 richest Western countries, Japan and Switzerland.

The IMF has requested a loan of 3 billion special drawing rights (about $3.1 billion) from the central banks to be matched by a 3-billion-SDR loan from Saudi Arabia. Special drawing rights are currency units used in transactions between central banks. Their value is based on market quotations for the U.S. dollar, the Deutsche mark, the yen, the British pound and the French franc.

Mr. Pöhl said that 18 countries had decided to take part in the credit, and the Bank for International Settlements, which acts as the central banks' central banker, itself will make a substantial contribution.

West Germany will take the largest share, but Mr. Pöhl said details of the final amounts have not been set.

Mr. Pöhl said at a news conference that he regretted that the United States will not participate in the credit. But he said he realized that IMF financing faced strong opposition in the United States.

Mr. Pöhl also said the Bundesbank sees no reason to alter its monetary policy for the time being and is quite satisfied with West Germany's money-stock growth this year. Mr. Pöhl said the money stock has nearly reached the 4-7 percent annual growth range set as a Bundesbank goal.

INTERNATIONAL POSITIONS

EXECUTIVES AVAILABLE

Wednesday's AMEX Closing

Vol. at 3 p.m. 5,870,000
Prev. 3 p.m. Vol. 5,110,000
Prev. Consolidated Close 6,370,000

Tables include the nationwide prices up to the closing on Wall Street

12 Month High	Low	Stock	Div.	Yld	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
		A								
22⅞	8⅛	AAV	.36	2.2	12	35	16¾	14⅝	16½	+ ⅛
4¾	2⅝	AIC Ph				16	2¾	2¾	2¾	
6⅛	1¾	ATI				345	2¼	1⅞	2⅛	+ ¼
12¼	2¼	AcmePr			18	18	7⅛	7	7	
14½	4½	Action s			0	19	12	11¾	11⅞	+ ⅛
12	5⅛	Acton s	1.001	14.5	23	75	7¼	6⅝	5⅝	— ¼
6½	1½	Actn wt				34	3⅛	3	3	— ⅛
8	1¾	AdmRs				28	3	2	2	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. Budget Defic[...] Is Chief Economi[...] Issue, Schmidt Say[...]

Reuters

WASHINGTON — The U.S. budget de[...] is the world's major economic problem, for[...] Chancellor Helmut Schmidt of West Germ[...] said Wednesday, adding that European co[...]tries may be forced to impose capital-ex[...] controls to halt the arrival of foreign ca[...] that helps to finance that debt.

In a speech to financial executives, [...] Schmidt said that that the current U.S. econ[...]ic recovery is being fueled by consumption [...] inflows of foreign capital. He said such a re[...]ery could not last without a reduction in [...] budget deficit.

"The only basis for the U.S. economic re[...]ery is your ability to import capital, and [...] cannot continue if the budget deficit is [...] reduced," he said.

Mr. Schmidt said the strong U.S. recover[...] the face of high interest rates was unique, [...] that the rest of the industrialized world w[...] far worse economic shape.

"Your condition will not prevail because [...] world outside will not continue to finance y[...] deficits," he said.

He said that the problems in the Europ[...] Community are directly linked to the large [...] budget deficits and their effect on interest r[...] and the exchange value of the dollar.

Mr. Schmidt also expressed deep conc[...] about the international debt crisis and [...] health of major banks that are heavily expo[...] on loans to Latin American countries.

He said the five largest banks in New Y[...] have, on average, 200 percent of their cash [...] up in loans to the five largest Latin Amer[...] debtor countries.

Closer cooperation among the world's cen[...] banks and an enhanced role for the Internati[...]al Monetary Fund, he said, are the only wa[...] manage the global debt problem.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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SPORTS

layers listen up dur-
a squad meeting.
oach Vairo, below:
We're a team that
attles every minute."

The New York Times/Mitch Zezar

'It's Such a Grindy Year, It's Important to Have Fun.'

U.S. Olympic Hockey Team: Loose, Talented

By Neil Amdur

New York Times Service

BLOOMINGTON, Minnesota — Lou Vairo's subject of the moment was positioning around the net. As usual, Vairo was animated and lively, even on the ice.

"Camouflage yourself and sneak around and position yourself," the Brooklyn-born head coach of the U.S. Olympic hockey team told his 24 players, as if he were outlining a commando raid on a jungle outpost.

Picking up on Vairo's vivid dialogue, Phil Verchota, the 26-year-old captain and one of the two returning members from the 1980 gold-medal team, then teasingly tiptoed around the net.

The ability to improvise, on and off the ice, is only one of the qualities that has transformed Team USA from a diverse band of free-wheeling individuals to a swift, smooth-functioning unit capable of outskating professional teams.

The Colorado Flames, who lead the Continental Hockey League, rallied to beat Team USA, 4-2, here Tuesday night, but only one opponent has managed as many as 7 goals in a single game. The team's record is 26 victories, 12 losses and 7 ties.

Friday night in Lake Placid, New York, the Americans will find out how far along they are on the road to the Winter Olympics when they begin a six-game series against an all-star squad from the Soviet Union. It will not be the Soviet Olympic team, but as Vairo, a long-time observer of Soviet hockey, noted: "We know the Soviet B team is as good as the Czech A team."

Win or lose in Lake Placid or at the Olympics in Sarajevo, this team seems certain to leave its imprint in the sport.

It is the youngest (averaging 20.7 years) and swiftest U.S. team ever and has benefited, in corporate and public support, from the 1980 miracle workers. Its annual budget, according to Walter Bush Jr., the chairman of the U.S. Olympic hockey committee, is $1.3 million; in 1980, that budget ran between $800,000 and $900,000.

But numbers aside, substance, style and spirit abound on the squad. Four players are taping and writing daily recollections of their six-month experience, including Ed Olczyk, a remarkably poised and gifted 17-year-old.

In airports or hotels, almost as many team members reach for the business section of newspapers as the sports section.

"Even that works ont well," said Bob Brooke, a Yale graduate in economics who is one of three Ivy Leaguers on the team. "One of our greatest assets is the balance of character, the different ages and educational backgrounds, the different geographical backgrounds. That comes together to form a wider perspective."

Vairo says that talent overshadowed all other factors in the final squad selection in July. But the balance between players in their teens and 20s, between east and west and between personalities has a rare mix-and-match quality.

There are two David Jensens: unrelated and differentiated by middle initials (A. and H.); there is a brother combination, the Fuscos from Burlington, Massachusetts, and there are two distinctly different goalies.

Bob Mason is an intense stand-up stylist and Marc Behrend is more low-key, a player whom Vairo labels a butterflier for his sprawling saves.

No U.S. hockey team has been more scrutinized for its skating, but this squad also knows when and how to loosen up. Inside the dressing room at the Met Center here hangs a sign, "Put Up Or Shut Up."

Players remember the day Vairo brought the sign to practice and sermonized about negative grumbling and positive thinking. The following day, the sign was taped to the wall of the dressing room, but someone had added the words "Or Donate."

Relieving the tension and tedium that understandably develop during a 65-game schedule in 44 cities requires original thinking. After arriving at Denver's Stapleton International Airport for their fifth game in eight nights in late October, the players were greeted by the public-address system paging "Hobey Baker" for a message. That is the team's nickname for Mark Fusco, who at Harvard last year won the Hobey Baker Memorial Award as the country's top collegiate player.

No one could figure out who planted the announcement or how, but "it loosened everybody up," Brooke recalled.

Even Pat LaFontaine, the team's leading scorer, who is nicknamed Franny (for The Franchise), was a target in the team dining room after missing the flight to Chicago for a game against Team Canada last Thursday.

"Hey, Franny, did you get your own charter?" someone chided the 18-year-old LaFontaine, who was the New York Islanders' top pick, and the third over all, in the 1983 amateur draft.

When he is not being tweaked about his star status, LaFontaine catches it for his deep, dark "Saint Bernard" eyes.

"It's such a grindy year," LaFontaine said over breakfast recently, "that it's important to have fun."

This team does, without losing sight of its objective. Steve Griffith has his own formula — loon calls and imitations of police-car sirens — for dull practice patches. "He does an incredible loon," says Corey Millen.

The 22-year-old Griffith, who was not even among the original 80 invitees to last summer's National Sports Festival, where the squad was selected, is also credited with tagging the trio of LaFontaine, Olczyk and David A. Jensen, 18, as The Diaper Line.

Then again, Griffith is not a goalie who has to face Jensen's speedy moves or Olczyk's slapshot, which Brooke describes as "unbelievable — an NHL shot."

"This team does have character," says Vairo, whose style is more personal than the more aloof approach used by Herb Brooks, the 1980 U.S. coach.

"It's demonstrated great character. They bend, but they don't break. Every adverse situation we've been in, we've responded in a positive fashion."

But can they win?

Some skeptics feel the squad is too young, fast enough but not physical enough, aggressive but short on defensive discipline and specialty skills. Counters LaFontaine: "We played the pro teams."

"This squad is certainly equal, if not a little bit faster than the '80 team," said Verchota, who returns from the gold-medal group.

Typically, the players see the 1980 gold medal as more of a blessing than a burden. They prefer visibility over the anonymity that the 1980 squad endured before Lake Placid, and they are not envious when youngsters wander through hotel lobbies wearing red, white and blue USA hockey shirts with Jim Craig's Olympic number.

"We're trying to downplay the '80 team in our minds," said Paul Guay.

"We're proud of what they did, but we have to play our game. It's like taking a test. You say, 'Oh my God, I have to do well.' So then you put down the wrong answers because you're not thinking. We have to do what we can do well."

What this team does well is skate and compete. Last Thursday in Battle Creek, Michigan, the Americans fell behind, 4-1, to Team Canada, rallied to within a goal, 5-4, in the closing minute but lost, 6-4. The United States will open against Canada on Feb. 7 in Sarajevo; the Americans are 3-4-3 in their 15-game series against the Canadians. Against National Hockey League teams, they are 3-3-1.

"We're not a team that quits — so far," Vairo said. "We're a team that battles every minute. That shows me something. We don't have guys who give up, and I really respect that. I think that's a big, important quality the '80 team had. They didn't have quitters. You had to beat them; they wouldn't lose. I think our team is going to be similar in that mentality."

"The biggest difference is personnel differences," Verchota observed, of the two teams. "We're developing 24 new faces. Any time you have 24 new faces, you have to meld into one unit, which we did quite well in '79 and '80. Only those seven games in Sarajevo will tell how well."

It is a team willing to work, even when Tom Hirsch is tossing spaghetti on Gary Haight's back during dinner and telling his teammate, "Hey, you got noodles coming out of your ears."

"We're a bunch of loose gooses, and I'm surprised at that," says Olczyk, who plays like a future Phil Esposito and who could be the No. 1 player in the next amateur draft. "I thought maybe the view of it would be 'Gee, we're representing the United States, we can't do anything wrong.' But when it comes to skating, we're serious, and that's no joke."

The New York Times/Kazor

U.S. team members skating wind sprints after a practice.

NHL Scoring Leaders

	G	A	Pts
Gretzky, Edm	30	50	80
Kurri, Edm	26	30	56
P. Stastny, Que	14	25	49
Trottier, NYI	14	30	43
Nicholls, LA	18	24	42
Pederson, Bos	13	28	41
Boschman, Win	16	24	40
Dionne, LA	11	29	40
Hunter Que	17	22	39
Bossy, NYI	21	17	38
Goulet, Que	16	22	38
Federko, StL	15	23	38
Tanti, Van	22	16	38
Perreault, Buf	16	22	38
Messier, Edm	9	27	36
Simmer, LA	17	19	36
Ciccarelli, Min	20	15	35
Coffey, Edm	13	22	35
McCarthy, Min	17	18	35
Rota, Van	20	15	35

Irene Epple Takes Opening Downhill

United Press International

VAL D'ISERE, France — Irene [Ep]ple of West Germany scored her [firs]t-ever victory in a women's [Wo]rld Cup downhill, setting an [ear]ly pace in the season's first [do]wnhill that no other racer could [ma]tch.

[E]pple, 26, was the first starter on [the] 2,276-meter course (7,452 feet), [wh]ich had a drop of 620 meters. [She] clocked an intermediate time [...]-tenths of a second faster than [any]one else in the top-ranked [gro]up, and put in an even faster [sec]ond half for a final time of 1 [min]ute, 21.72 seconds.

[S]he had a long wait to see if [any]one could better it. No one did.

Ariane Ehrat of Switzerland also [pro]duced her best-ever cup performance. Never previously higher [tha]n third, she finished second in [1:2]1.80.

Frenchwoman Caroline Attia [too]k third in 1:22.34, followed by [Au]strian Lea Sölkner (1:22.38) and [Jan]a Gantnerova of Czechoslova[kia] (1:22.46).

Said Epple: "It was hard waiting at the finish line — worse than the race itself. I get nervous when I'm drawn as an early starter, and I made a few mistakes because of nerves.

"Visibility was not perfect, and it was a difficult and dangerous run involving high speeds. But of course I'm absolutely delighted. Downhill has been so frustrating for me in past years."

A giant slalom specialist, Epple previously had had four seconds and seven thirds in cup downhills. But on Wednesday she was unbeatable on a piste that in several spots had a minimum of snow cover.

Overcast skies, a light mist and falling snow at the top of the course also posed problems — only 7 of the top 15 seeds finished in the points — but times were relatively fast, Epple averaging 100.26 kph (62 mph).

One notable success was Hanni Wenzel, who finished sixth. Excluded from February's Winter Olympics because of her earlier semiprofessional status, Wenzel has been eager to make a mark in the cup this winter.

Wenzel collected her first World Cup downhill points in nearly three years.

WORLD CUP SKIING

WOMENS DOWNHILL

1. Irene Epple, West Germany, 1:21.72
2. Ariane Ehrat, Switzerland, 1:21.80
3. Caroline Attia, France, 1:22.34
4. Lea Sölkner, Austria, 1:22.38
5. Jana Gantnerova, Czechoslovakia, 1:22.46
6. Hanni Wenzel, Liechtenstein, 1:22.49
7. Sylvia Eder, Austria, 1:22.54
8. Maria Walliser, Switzerland, 1:22.59
9. Michaela Figini, Switzerland, 1:22.60
10. Sieglinde Winkler, Austria, 1:22.81
11. Marina Kiehl, West Germany, 1:22.84
12. Claudine Emonet, France, 1:22.86
13. Catherine Quittet, France, 1:23.01
14. Elisabeth Chaud, France, 1:23.07
15. Veronika Wallinger, Austria, 1:23.08

WORLD CUP STANDINGS

1. Erika Hess, Switzerland, and Irene Epple, 25 points.
3. Tamara McKinney, U.S., and Ehrat, 20.
5. Malgorzata Tlalka, Poland and Attia, 15.
7. Olga Charvatova, Czechoslovakia, and Sölkner, 12.
9. Christine Von Grueningen, Switzerland, and Gantnerova, 11.

Lendl, McEnroe, Wilander, Mayotte in Semifinals

Compiled by Our Staff From Dispatches

MELBOURNE — Ivan Lendl of [Cze]choslovakia, American John [Mc]Enroe and Mats Wilander of [Swe]den, the top three men's seeds [in t]he Australian Open tennis tour[nam]ent, all advanced to the semifi[nal]s with convincing victories [Wed]nesday.

[I]n a women's quarterfinal [mat]ch, top-seeded Martina Navra[tilo]va of the United States extend[ed h]er winning streak to 48 match[es w]ith a 4-6, 6-3, 6-4 victory over [Jo] Durie of Britain. Durie had held a one-set advantage when rain stopped play Tuesday.

"They don't come any tougher than Jo," said Navratilova after the match. "Not any tougher in the grand slam events. I just turned it around today.

"I served atrociously yesterday — after play was suspended I went out in the rain and practiced on my service."

In an all-U.S. women's semifinals, Navratilova will face third-seeded Pam Shriver. The other match will pit Kathy Jordan and Zina Garrison, the latter a 6-2, 7-6 victor Wednesday over fourth-seeded Australian Wendy Turnbull.

Shriver and Jordan had advanced earlier.

Top seed Lendl defeated countryman Tomas Smid, seeded seventh, 7-6, 2-6, 6-1, 6-2. Wilander, the No. 2 seed, downed American Johan Kriek, 6-3, 6-3, 7-6, and McEnroe cruised past Australian Wally Masur, 6-2, 6-1, 6-2.

Smid matched Lendl in serving and passing shots through the first set, which went to a 7-4 tie breaker after neither player managed a service break. In the second set Lendl was long on numerous passing shots, but in the last two sets his accuracy improved and he won most of his service games at love.

In the semifinals, Lendl will meet Tim Mayotte, who defeated fourth-seeded fellow American Eliot Teltscher 6-4, 6-2, 3-6, 7-6.

McEnroe dropped his first service game but won the next 11 points and had no problem thereafter against a struggling Masur.

Windy conditions forced Kriek, the defending champion, to curb his serve and volley game and play Wilander from the baseline. The vital break came in the ninth game of the second set, when Kriek led, 0-40. Wilander battled through a series of long rallies to take a 5-4 lead before serving out the set.

"The courts were very slippery and both Kriek and I had a lot of trouble with the blustery wind too," said Wilander. "I need all the practice I can get on grass because of our Davis Cup final against Australia in a couple of weeks, but I am happy the way I am playing."

Against Kriek, Wilander showed he is improving rapidly on grass, and McEnroe, Wilander's semifinal opponent, knows it. "It's important that I serve well and attack him when I have a chance," McEnroe said, "because that's the way I need to be to play him to beat him on grass."

(AP, UPI)

W. Germany Facing Stiff Test in World Cup Preliminaries

United Press International

ZURICH — West Germany, [run]ner-up in the 1982 World Cup [soc]cer final and two-time winner of [the] tournament, landed amid the [tou]ghest European group when the [dra]w for the preliminary round of [the] 1986 World Cup finals was [ma]de here Wednesday.

West Germany, one of seven [seed]ed nations, faces Czechoslova[kia], Sweden, Portugal and Norway [in] Group Two, with the top two [natio]ns qualifying for the 24-team [fina]ls in Mexico.

[B]y contrast, seeded England was [han]ded one of the easiest groups, [wit]h matches against Northern Ire[land], Romania, Turkey and Fin[land].

[Se]eded Austria will play Hunga[ry, t]he Netherlands and Cyprus in [the] four-member Group Five. The [top]-placed country goes through [to t]he final and the second to a [play]off series, an innovation in the [...]-team qualifying groups.

[Sp]ain, which hosted the 1982 [tour]nament, will face Scotland, [Wal]es and Iceland in Group Seven, [whil]e the seeded Soviet Union [take]s on Denmark, Ireland, Swit[zerla]nd and Norway in Group Six.

[Fr]ance, which is hosting the Eu[rope]an championship finals next [year], is also in tough company, fac[ing] Yugoslavia, East Germany, [Bul]garia and Luxembourg in [Grou]p Four.

Two teams will qualify from the five-team groups and one from those with four nations. The three runners-up in the four-team groupings will then go through a triangular playoff. The winner will qualify for the finals, while the second-placed country will meet the winner of the Oceania group for a place in Mexico.

Three-time cup winner Brazil will play Paraguay and Bolivia in South America's Group Three. Brazil recently lost to Paraguay in the final of the South American championship, losing, 2-0, in Paraguay and drawing, 1-1, in the return leg.

■ Brazilians Early Favorites

Ladbrokes, the British oddsmakers, installed three-time champion Brazil as a 7-2 favorite to win the 1986 World Cup following Wednesday's draw for the preliminary stages, United Press International reported from London.

Argentina, the 1978 title-holder, was at 5-1, followed by two-time winner West Germany at 6-1 and defending champion Italy at 7-1:

The Ladbrokes odds:

7-2 — Brazil
5-1 — Argentina
6-1 — West Germany
7-1 — Italy
8-1 — Uruguay
12-1 — Belgium
14-1 — France, the Netherlands
16-1 — England, the Soviet Union
25-1 — Poland
33-1 — Mexico, Spain
50-1 — Denmark, Scotland
66-1 — Australia, Chile, Czechoslovakia, Portugal
100-1 — Hungary, Northern Ireland.

■ The Draw

ASIA

Group 1: Saudi Arabia, United Arab Emirates, Oman, Iran, Lebanon, Qatar, Jordan. Group 2: Kuwait, North Yemen, South Yemen, Syria, Bahrain, Iran. Group 3: Malaysia, Nepal, South Korea, Thailand, India, Bangladesh, Indonesia. Group 4: China, Hong Kong, Japan, Macao, Brunei, North Korea, Singapore.

CONCACAF (First round)

Group 1: El Salvador vs. Puerto Rico, Canada vs. Jamaica, Netherlands Antilles vs. United States. Group 2: Barbados vs. Costa Rica, Panama vs. Honduras. (Bye: Guatemala). Group 3: Trinidad vs. Grenada, Antigua vs. Haiti, Surinam vs. Guyana.

AFRICA (First Round)

Zone A: Egypt vs. Zimbabwe, Kenya vs. Ethiopia, Mauritius vs. Malawi, Zambia vs. Uganda, Madagascar vs. Lesotho, Tanzania vs. Sudan. Zone B: Sierra Leone vs. Morocco, Libya vs. Niger, Benin vs. Tunisia. Zone C: Togo vs. Guinea, Ivory Coast vs. Gambia, Nigeria vs. Liberia, Angola vs. Senegal. (Byes: Algeria, Ghana and Cameroon).

OCEANIA

Australia, New Zealand, Taiwan, Israel.

CONMEBOL

Group 1: Argentina, Peru, Colombia, Venezuela. Group 2: Uruguay, Chile, Ecuador. Group 3: Brazil, Paraguay, Bolivia.

EUROPE

Group 1: Poland, Belgium, Greece, Albania. Group 2: West Germany, Czechoslovakia, Sweden, Portugal, Malta. Group 3: England, Northern Ireland, Romania, Turkey, Finland. Group 4: France, Yugoslavia, East Germany, Bulgaria, Luxembourg. Group 5: Austria, Hungary, the Netherlands, Cyprus. Group 6: Soviet Union, Denmark, Ireland, Switzerland, Norway. Group 7: Spain, Scotland, Wales, Iceland.

Holmes Intends to Stay in Ring

The Associated Press

PHILLIPSBURG, New Jer[sey] — Larry Holmes, the un[bea]ten World Boxing Council [hea]vyweight champion, said [We]dnesday he does not plan to [reti]re. "I'm not gonna quit," he [sai]d. "I'm not going to be [for]ced to quit by any organiza[tio]n or by any promoter."

Holmes, 34, feels the WBC is [put]ting undue pressure on him [to] make a mandatory defense [aga]inst No. 1 contender Greg [Pag]e. He has agreed to fight [Pag]e in February or March for [pro]moter Don King. But [Hol]mes has said the $2.55 mil[lion] offered by King is not [enou]gh. If Holmes did not fight [Pag]e, the WBC doubtless would [wit]hdraw its championship rec[ogn]ition of Holmes.

[L]ast week Holmes talked [abo]ut retiring. But Wednesday [he s]aid he will continue to fight [as l]ong as the money is avail[abl]e and "as long as I have the [sup]port of my wife and family."

Broken Finger Sidelines Walton

The Associated Press

SAN DIEGO — Bill Walton, plagued by physical problems throughout his National Basketball Association career, is expected to be sidelined for at least two months after breaking a finger in his right hand.

The San Diego center attempted a tip-in during a game Sunday against the Los Angeles Lakers. He missed the ball and struck his hand on the backboard.

Walton, who in his nine years in the NBA has missed 487 of 758 games, sat out the 1978-79 season because of chronic foot problems. He underwent surgery in 1981 on his left foot and spent most of the next two years in rehabilitation. He appeared in 33 games last season, but then had to undergo surgery on his right ankle.

Transition

BASEBALL

American League

OAKLAND—Acquired Darrel Akerfelds, pitcher, from Seattle to complete an earlier trade in which Oakland sent Dave Beard, pitcher, and Bob Kearney, catcher, to Seattle for Bill Caudill, pitcher; assigned Akerfelds to Modesto of the California League.

National League

PITTSBURGH—Traded Mike Easler, outfielder, to the Boston Red Sox for John Tudor, pitcher. Obtained Trent Ferrin, pitcher, from Cincinnati.

FOOTBALL

National Football League

NEW ENGLAND—Signed Joaquin Zendejas, placekicker.

HOCKEY

National Hockey League

CHICAGO—Traded Greg Fox, defenseman, to Pittsburgh for Randy Boyd, defenseman.

NHL Standings

WALES CONFERENCE

Patrick Division

	W	L	T	Pts	GF	GA
NY Islanders	18	9	1	37	123	98
NY Rangers	16	9	4	36	118	102
Philadelphia	15	9	3	33	117	97
Washington	12	14	2	26	93	101
Pittsburgh	6	19	3	15	87	119
New Jersey	4	21	1	9	72	124
Adams Division						
Boston	17	7	2	36	125	81
Buffalo	16	9	3	35	112	103
Quebec	16	11	3	35	146	105
Montreal	13	14	1	27	110	111
Hartford	11	12	2	24	92	99
CAMPBELL CONFERENCE						
Norris Division						
Minnesota	14	10	3	31	129	126
Toronto	11	12	3	25	112	124
Chicago	11	14	2	24	97	109
St. Louis	10	14	3	23	107	120
Detroit	10	13	2	22	89	101
Smythe Division						
Edmonton	20	5	3	43	166	112
Calgary	11	12	4	26	98	113
Vancouver	11	14	3	25	116	122
Winnipeg	9	14	3	21	118	130
Los Angeles	7	16	5	19	114	136

Tuesday's Results

Boston 5, Pittsburgh 3 (Pederson 3 (12), Middleton (15), O'Reilly (7); Maxwell (1), Flockhart (9), Shedden (1)).

Montreal 4, Hartford 1 (Naslund 2 (11), Tremblay (8), Chabot (4); Johnson (11)).

Quebec 8, Calgary 1 (Hunter (17), Goulet (16), A. Stastny (14), Cote (6), Savard 2 (12), P. Stastny (14), Sauve (1); Loob (12)).

St. Louis 8, Buffalo 2 (Sutter 2 (11), Federko 2 (15), Babych 3 (9), Wilson (1); Andreychuk (9), Cyr (5)).

N.Y. Islanders 5, Vancouver 2 (D. Sutter (6), B. Sutter (17), Nystrom (8), Bossy (21), Trottier (14); Lanz (8), Smyl (12)).

NBA Standings

EASTERN CONFERENCE

Atlantic Division

	W	L	Pct.	GB
Philadelphia	14	4	.778	—
Boston	14	6	.700	1
New York	13	7	.650	2
New Jersey	9	9	.500	5
Washington	8	11	.421	6½
Central Division				
Milwaukee	12	6	.667	—
Atlanta	10	9	.526	2½
Detroit	10	9	.526	2½
Cleveland	6	14	.300	7
Chicago	5	12	.294	6½
Indiana	4	14	.222	8
WESTERN CONFERENCE				
Midwest Division				
Dallas	13	5	.722	—
Denver	11	8	.579	2½
Utah	11	9	.550	3
Kansas City	9	10	.474	4½
Houston	7	12	.368	6½
San Antonio	7	14	.333	7½
Pacific Division				
Los Angeles	13	5	.722	—
Portland	13	7	.650	1
Golden State	10	10	.500	4
Seattle	9	11	.450	5
Phoenix	6	14	.300	8
San Diego	6	14	.300	8

Tuesday's Results

New Jersey 114, Cleveland 105 (Dawkins 36, Birdsong, Ransey 18; Free 24, Robinson 22).

Denver 117, New York 112 (Vandeweghe 33, Issel 23; King 24, Williams 23).

Atlanta 95, Phoenix 88 (Wilkins 21, Roundfield 15; Lucas 22, Nance 20).

Boston 118, Chicago 105 (Bird 24, Parish 21; Woolridge 32, Theus 15).

Kansas City 112, Dallas 103 (Olberding 26, E. Johnson 25; Aguirre 38, Nimphius 14).

Washington 113, Houston 109 (Ballard 31, Ruland 22; Sampson 19, C. Jones 18).

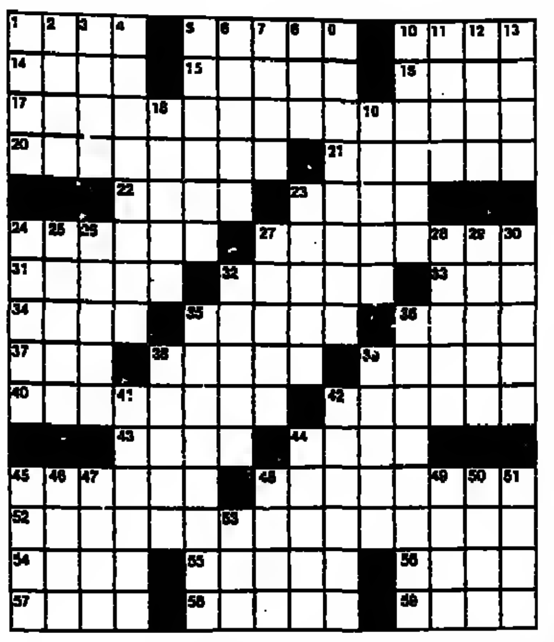
Golden State 108, Seattle 103 (Short 26, Carroll 24; Chambers 23, Sikma 21).

Portland 130, San Antonio 118 (Paxson 26, Lever 23; Mitchell 29, Gervin 18).

Ripkin Named Player of Year

United Press International

NASHVILLE, Tennessee — Shortstop Cal Ripken, the American League's most valuable player of 1983, was named major league player of the year Tuesday by The Sporting News. He played in every inning of all 162 regular-season games, batting .318 with 27 home runs and 102 runs batted in for the world champion Baltimore Orioles.



ACROSS

1 Joke
5 Type of physics
10 Eighth-century Mercian king
14 "Deutschland —— Alles"
15 Bend down
16 Russia's —— Mountains
17 Comedian from Dayton
20 Indefatigable
21 Our, in Milano
22 Require
23 Quote
24 Singer Donna from Boston
27 Small toasted pieces of bread
31 Lend —— (heed)
32 Custard filled tarts
33 Outfit
34 Pool in a range
35 Schemes
36 TV sitcom
37 Work unit
38 Salty water
39 Mush
40 Campaigner's calumnious act
42 Byington of filmdom
43 Fare
44 Laugh loudly
45 "Autumn ——," 1950 song
48 Plovers
52 Teapot Dome figure
54 Manner
55 Crowbar
56 ". . . 'I eat what ——' I": Carroll
57 Wadded cotton fibers
58 Thurber's "The —— with Ross"
59 Gnaw

DOWN

1 Magic, West African style
2 Black
3 Transmitted
4 Railroad worker
5 More pallid
6 Little Bighorn event: 1876
7 Chinese society
8 Line
9 Judgments
10 Start
11 Annoy
12 Jamie of "After MASH"
13 Too
18 Shoe-factory employee
19 South wind
23 Large wading bird
24 Cloys
25 Strip of weapons
26 Meld
27 Loud resounding noise
28 Giraffe's relative
29 Johnson's ex-teammate
30 What some rays do
32 Powdered quartz
35 Sacerdotal
36 Admirable or awful
38 Thorny bush
39 Mass of fish eggs
41 A coming
42 Profound sleeps
44 American blacksnake
45 Follower of Mary
46 Kazan
47 Give a yegg a leg up
48 Etna residue
49 Poet or auto
50 Merriment
51 Quite a lot
53 Hairy insect

DENNIS THE MENACE

"THIS IS WORTH FIFTY CENTS OFF ON A JAR OF PEANUT BUTTER AND YOU CALL IT *JUNK MAIL?*"

JUMBLE® THAT SCRAMBLED WORD GAME

by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

TUBOA
NIDEK
DOBOLY
HINEAL

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: "□□, □'□□□□□□"

(Answers tomorrow)

Yesterday's Jumbles: ANKLE EMPTY BEHAVE DEAFEN
Answer: The patients didn't like that nurse because she was always trying to do this — NEEDLE THEM

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	—	—	—	—	na
Athens	16	41	5	41	o
Amsterdam	7	45	1	34	r
Belgrade	0	22	-3	26	sn
Berlin	3	20	0	22	sn
Brussels	4	43	1	34	fr
Bucharest	0	32	—4	25	sn
Budapest	4	39	—1	30	cl
Copenhagen	5	41	0	32	fr
Costa Del Sol	18	64	7	45	fr
Dublin	8	46	2	36	o
Edinburgh	4	43	—3	26	o
Florence	11	52	—1	30	cl
Frankfurt	4	39	—2	28	cl
Geneva	6	43	—2	20	fr
Helsinki	—3	26	—5	23	o
Istanbul	10	50	6	43	r
Las Palmas	23	73	19	66	fr
Lisbon	12	54	5	41	fo
London	3	20	—4	25	fr
Madrid	2	38	—3	36	fo
Milan	18	50	—5	23	fr
Moscow	2	36	1	34	o
Munich	0	22	—1	20	sn
Nice	14	57	4	39	fr
Oslo	0	32	—3	25	fr
Paris	4	39	—2	28	cl
Prague	1	34	—5	23	cl
Reykjavik	7	45	6	43	r
Rome	13	55	0	32	cl
Stockholm	0	22	—5	23	o
Strasbourg	2	36	—4	25	o
Venice	9	48	1	34	fr
Vienna	4	39	0	22	fr
Warsaw	12	54	0	32	o
Zurich	1	24	—3	26	cl

MIDDLE EAST

	HIGH C	HIGH F	LOW C	LOW F	
Ankara	9	48	2	36	cl
Beirut	22	72	16	41	o
Damascus	19	66	70	50	cl
Jerusalem	20	68	10	50	o
Tel Aviv	23	73	12	54	o

OCEANIA

	HIGH C	HIGH F	LOW C	LOW F	
Auckland	20	68	16	61	r
Sydney	23	73	13	55	r

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	30	86	20	68	fo
Beijing	11	52	1c	34	fr
Hong Kong	23	73	15	59	fr
Manila	29	84	20	68	fr
New Delhi	22	72	13	55	fr
Seoul	7	45	—2	20	fr
Shanghai	13	55	4	29	fo
Singapore	28	82	24	75	sn
Taipei	21	70	10	64	cl
Tokyo	17	54	4	39	cl

AFRICA

	HIGH C	HIGH F	LOW C	LOW F	
Algiers	18	64	4	39	fr
Cairo	25	77	10	64	cl
Cape Town	—	—	—	—	na
Casablanca	20	68	9	48	fr
Harare	25	77	18	64	st
Nairobi	24	75	15	59	cl
Tunis	15	59	5	46	r

LATIN AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Buenos Aires	26	79	20	48	fr
Lima	26	79	19	46	o
Mexico City	21	70	11	52	cl
Rio de Janeiro	26	79	20	68	r
Sao Paulo	24	75	19	66	cl

NORTH AMERICA

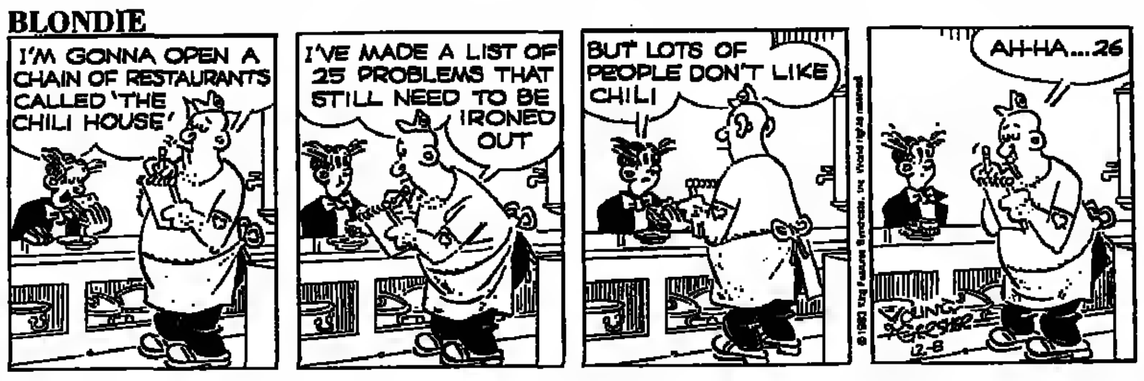
	HIGH C	HIGH F	LOW C	LOW F	
Anchorage	—1	25	—8	15	pc
Boston	3	38	2	37	w
Chicago	—1	30	—10	14	pc
Denver	5	41	—7	19	pc
Detroit	0	31	—5	32	pc
Honolulu	30	84	21	70	fr
Houston	16	61	0	32	fr
Los Angeles	20	69	9	49	pc
Miami	25	77	20	66	pc
Minneapolis	—6	21	—19	82	pc
Montreal	2	36	—2	28	r
Nassau	—	—	—	—	na
New York	5	42	2	26	pc
San Francisco	14	50	9	47	r
Seattle	6	43	0	33	r
Toronto	1	35	—1	31	r
Washington	13	55	—4	24	w

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy r-rain; sh-showers; sn-snow; st-stormy.

THURSDAY'S FORECAST — CHANNEL: Slight. FRANKFURT: Foggy and fair. Temp. 1—5 (34-23). LONDON: Rain. Temp. 6-0 (43-32). MADRID: Foggy and fair. Temp. 10—4 (50-25). NEW YORK: Partly cloudy. Temp. 5—4 (41-24). PARIS: Foggy and fair. Temp. 7—2 (45-26). ROME: Cloudy. Temp. 12-0 (54-32). TEL AVIV: Cloudy. Temp. 23— (73—). ZURICH: Foggy and snow. Temp. 0—5 (32-23). BANGKOK: Mist. Temp. 30-20 (86-68). HONG KONG: Fair. Temp. 23-15 (73-59). MANILA: Fair. Temp. 29-20 (84-68). SEOUL: Fair. Temp. 7—2 (45-28). SINGAPORE: Rain. Temp. 28-24 (82-75). TOKYO: Cloudy. Temp. 12-4 (54-39).

PEANUTS

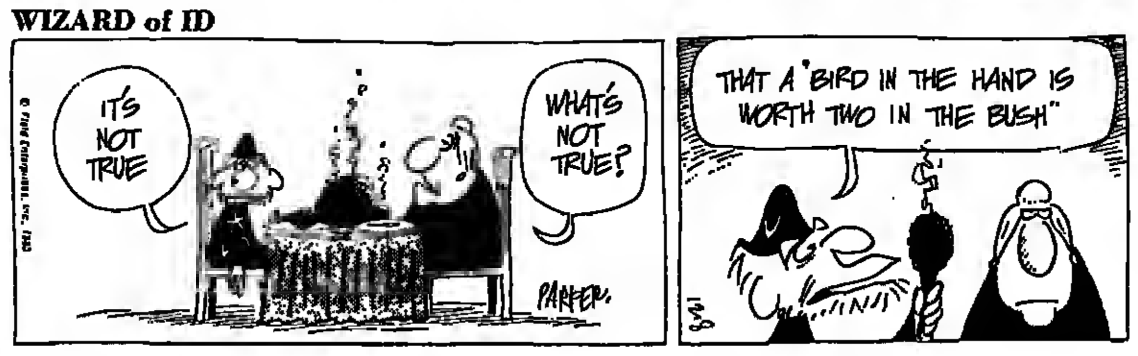
BLONDIE



BEETLE BAILEY

ANDY CAPP

WIZARD of ID



REX MORGAN

GARFIELD

BOOKS

THE DISCOVERERS

By Daniel J. Boorstin. 745 pp. $25. Random House, 201 East 50th St., New York, N.Y. 10022.

Reviewed by Christopher Lehmann-Haupt

SINCE you know how the whole story turns out — Einstein discovers relativity, the bomb goes off yet humankind survives, at least for a while — you might think there wouldn't be much suspense to "The Discoverers," the 15th book by Daniel J. Boorstin, the historian and librarian of Congress, whose best-known previous work is probably his trilogy on American history, "The Americans."

Yet "The Discoverers" doesn't in the least lack dramatic tension. A number of confounding questions are raised by the very notion of writing in a single volume a history of human discovery, and many of the surprises in the book lie in the way Boorstin goes about answering them. How is everything going to fit into 700 pages — from Copernicus's discovery of the heliocentricity of the universe to George Washington Carver's discovery of peanut butter? How is it all to be organized into a narrative lumpy enough to enfold the skyscraper and the sewing needle, yet smooth enough to keep the reader moving along comfortably?

Most important of all, why is there so much more about the distant past than there is about the 20th century? I thought the rate of human discovery was speeding up exponentially. Why are there more than 70 pages devoted to the development of the spring-wound clock and only nine and a half pages on the history of atomic physics?

In the answer to such questions lies a good deal of the delight of "The Discoverers." Let me begin to illustrate by jumping into the middle of the book. Boorstin starts off one part with a chapter called "The Lost Arts of Memory," which begins with a brief sketch of the Greek lyric poet Simonides of Ceos (circa 556-468? B.C.), who is said to be the inventor of the mnemonic art, and ends with Freud's "Psychopathology of Everyday Life." It's amusing to learn of the prodigious memory feats that the elder Seneca was able to perform, but where can Boorstin be headed, especially when his next chapter takes up the role of Latin in the Middle Ages and the life of St. Benedict of Nursia (480?-543?), the father of Christian monasticism in Europe?

Why, he's headed toward the invention of movable type by a former goldsmith named Johannes Gensfleisch, who took the name of Gutenberg from a family estate — because St. Benedict of Nursis was also the godfather of libraries, and libraries bring up the subject of monastic scriptoria, which leads to the Book of Kells and Charlemagne and the Carolingian reform of script and the rise of punctuation and Chinese block printing and Toyotomi Hideyoshi (1536-1598), the first Japanese leader to seek an East Asian empire, and eventually to Gutenberg.

The foregoing should also give some hint of how Boorstin answers the bigger questions raised by his remarkable history. He fits so much in because be selects only those discoveries that have consequences in the story he is telling. The telling of time began with the start of buman civilization, whereas computers happened only yesterday and will have consequences far into the future. That's why clocks get whole chapters of "The Discoverers" and computers get only an incidental reference to Charles Babbage.

A great charm of this book lies in the plan of it that Boorstin made even before he began to write it. True, there's also the satisfaction of getting the whole story (or ALMOST the whole story) in a single volume, as well as of acquiring a system of cubbyholes for everything to fit into. And true, Boorstin raises provocative issues such as why the Chinese didn't "discover" Europe or America, or why it took so long for people to learn that the earth goes around the sun. But it's his plan for the book that is the most fun.

Even his skill as a biographer and storyteller is partly the result of the book's master plan. What a bumbler the 19th-century archaeologist Heinrich Schliemann might have appeared if we had learned only that he had dug six layers too deep when he announced his unearthing of Troy or that what he called the masks of Agamemnon and Cassandra actually preceded Priam by a thousand years. But these errors resulted from Schliemann's daring and flamboyance and it was these characteristics that started him digging in the first place. That he dug at all we appreciate because of the emphasis Boorstin has laid on the darkness of the Dark Ages. Because of the master plan, Schliemann fairly leaps off the page, as do hundreds of other figures who put in their obligatory cameo appearances.

According to Boorstin, the grammarian Callimachus (305-240 B.C.), who was head librarian at Alexandria, observed in the days when books came in the form of scrolls, "A big book is a big nuisance." This might well be inscribed on the escutcheon of book reviewers, but in the case of Boorstin's big book it does not hold true.

Christopher Lehmann-Haupt is on the staff of The New York Times.

Restaurant Guide Loses Bout With New York Chef

The Associated Press

NEW YORK — A restaurateur, who had his chief noodle-maker roll pancakes before a jury to prove how delicate they were, has been awarded $20,005 in libel damages from a guidebook that gave his establishment a poor review.

Michael Chow, owner of Mr. Chow's restaurant in Manhattan, won the award after a four-day jury trial in federal district court last week. Officials of the Guide Gault-Millau, a French-language directory of city restaurants, said they probably will appeal.

To counter charges that pancakes enclosing his Peking duck were "the size of a saucer and the thickness of a finger," Chow had chef Stephen Yim, in charge of his noodle-making staff, roll pancakes before the jury. Yim demonstrated how he rolls a 10-foot-long noodle in 60 seconds. The jury and Judge Thomas F. Griesa also viewed videotapes of the cooks at Mr. Chow's preparing Chinese dishes, to rebut the guide's claim that most dishes had "only the slightest relationship to the essential spirit of Chinese cuisine."

In the 1981 edition of their guide, Henri Gault and Christian Millau wrote, "We do not know where Mr. Chow recruits his cooks, but he would do well to send them for some instruction somewhere in Chinatown."

BRIDGE

By Alan Truscott

ON THE diagramed deal South landed in three hearts as shown. The weak jump overcall by West and North's negative double took him to a dangerous level.

NORTH (D)
♠ 10 7 6 2
♡ 9 2
♢ A 8 5 2
♣ A 10 6

WEST
♠ Q
♡ J 8
♢ K 10 9 6
♣ K Q J 9 3 2

EAST
♠ A J 5 4 3
♡ 10 5 4 3
♢ Q J
♣ 7 4

SOUTH
♠ K 9 8
♡ A K Q 7 6
♢ 7 4 3
♣ 8 5

Neither side was vulnerable. The bidding:

North	East	South	West
Pass	Pass	1 ♡	3 ♣
Dbl.	Pass	5 ♡	Pass
Pass	Pass		

West led the spade queen.

He was likely to lose two spade tricks, two diamond tricks, a club and a trump; defeat by a trick or two.

What actually happened at the table was this: The spade queen was led and ducked around to the king. South then cashed the A-K of trumps, noting the appearance of the J-8 on his left.

He then led a spade, and East, after taking the jack, shifted to the diamond queen. The diamond ace was held up for just one round, and another spade was led. East won with the ace in this position:

NORTH
♠ 10
♡ —
♢ 8 5
♣ A 10 6

WEST
♠ —
♡ —
♢ 10 9
♣ K Q J 9

EAST
♠ 5 4
♡ 10 5
♢ —
♣ 7 4

SOUTH
♠ —
♡ Q 7 6
♢ 7
♣ 8 5

It did not matter what East did. He shifted to a club, and South won in dummy and threw his diamond loser on the spade ten. He ruffed a diamond and exited with his remaining club, scoring two trump tricks at the finish for a score of 140.

Canadian Stock Markets

Dec. 6

Prices in Canadian cents unless marked $

Toronto

Sales	Stock	High	Low	Close	Chg.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Montreal

Sales	Stock	High	Low	Close	Chg.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Sales 1,154,971 shares.

Canadian Indexes Dec. 6

	Close	Previous
Montreal	448.96	450.64
Toronto	2,536.80	2,540.30

Montreal: Stock Exchange Industrials Index. Toronto: TSE 300 Index.

Other Markets

Dec. 7

Closing Prices in local currencies

Amsterdam · **Brussels** · **Frankfurt** · **Hong Kong** · **Johannesburg** · **London** · **Milan** · **Paris** · **Singapore** · **Stockholm** · **Sydney** · **Tokyo** · **Zurich**

	Close	Prev.
Swire Pacific	14.70	14.80
Swire Profy	4.45	4.725
Wheelock	2.95	3.025
Wheel Mar	N.Q.	—
[illegible]	[illegible]	[illegible]

	Close	Prev.
Dunlop	0.46	0.46
Fisons	7.47	7.47
Free St Ged	37	37¼
GEC	1.94	1.96
[illegible]	[illegible]	[illegible]

	Close	Prev
Lafarge Cop	261	261.50
Legrand	2,045	2,005
Matra	1,248	1,206
Michelin	758	769
MM Pennar	43.50	44.90
Moet Henn	1,381	1,324
Moulinex	106	105.50
Nord-Est	49	49.10
Occidentale	649	659
Oreal (L')	2,224	2,190
Pernod Ric	725	732
Petroles (Fse)	154.50	157
Peugeot	207	207.10
[illegible]	[illegible]	[illegible]

	Close	Prev.
Woodside Petl	1.20	1.16
Wormald	2.95	2.98

All ordinaries index: 735.00
Previous: 733.50

Tokyo

	Close	Prev.
Akai	569	575
Asahi Chem.	370	381
Asahi Glass	575	675
BK Tokyo	291	291
Bridgestone	610	613
[illegible]	[illegible]	[illegible]

Solution to Previous Puzzle

MACS JAMB AMATI
OLLA EMIL NYLON
OLEI RITA AWARD
DOWNWENTMCGINTY
SYSTEM EARL
LEIGH RADISH
SOSO ALES MINTY
ATTU OIXIT ROAD
STAIR BETH INGE
HORSES DEALS
BLAH TEHEES
THELADYISATRAMP
SETUP DRAW ORIEL
ALOES RONA SERA
RINSE ANDY EDDY

We've got news for you.